personnel policy manual for nonappropriated fund instrumentalities

Department of Defense

Office of the Assistant Secretary of Defense
(Manpower, Reserve Affairs, and Logistics)

DEPARTMENT OF DEFENSE
PUBLICATION SYSTEM

CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE
Assistant Secretary of Defense
(Manpower, Installations, and
Logistics)

CHANGE No. 9
DoD 1401.1-M
April 30, 1984

PERSONNEL POLICY MANUAL FOR NONAPPROPRIATED FUND INSTRUMENTALITIES

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Installations, and Logistics), has authorized the following changes to DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," January 1981 (Change 1 was issued May 21, 1982; Change 2 on October 27, 1982; Change 3 on February 16, 1983; Change 4 on April 28, 1983; Change 5 on June 1, 1983; Change 6 on June 28, 1983; Change 7 on November 28, 1983; and Change 8 on February 8, 1984):

PEN CHANGES

Page I-4
Subsection E.5., line 4. Change "vii through ix" to read "vii through x."

Page III-7
Subparagraph B.2.e.(1)(b)7, last line. Change "in subparagraph B.2.d.(1)(b)4" to read "in subparagraph B.2.e.(1)(b)4."

Page IV-2
Subsection A.15. Delete in its entirety.

Page V-8
Subparagraph A.9.d.(2)(f). Delete. Reletter subparagraphs (2)(g) and (2)(h) to read (2)(f) and (2)(g).

Page E-5
Subsection S8-4.a., line 1. Correct "Ther term" to read "The term"

Changes are double underscored.

PAGE CHANGES

Remove: Pages vii&viii, II-3&II-4, II-11&II-12, III-1&III-2; IV-3&IV-4; and VII-3&VII-4.

Insert: Attached replacement pages.

NUMBER	DATE	DEPARTMENT OF DEFENSE
1401.1-M - Ch 9	4/30/84	PUBLICATIONS SYSTEMS TRANSMITTAL

INSTRUCTIONS FOR RECIPIENTS (continued)

Changes appear on pages vii&viii, II-3, II-11, III-2, IV-4, and VII-3, and are indicated by marginal asterisks.

EFFECTIVE DATE AND IMPLEMENTATION

The above changes are effective immediately. Forward two copies of the revised implementing documents to the Deputy Assistant Secretary of Defense (Civilian Personne Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Installations, and Logistics), within 120 days.

O. J. Williford

O. J. WILLIFORD, Director
Correspondence and Directives

Attachments: 12 pages

DEPARTMENT OF DEFENSE
PUBLICATION SYSTEM

CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE
Assistant Secretary of Defense
(Manpower, Reserve Affairs,
and Logistics)

CHANGE No. 7
DoD 1401.1-M
November 28, 1983

PERSONNEL POLICY MANUAL FOR
NONAPPROPRIATED FUND INSTRUMENTALITIES

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), has authorized the following changes to DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," January 1981 (Change 1 was issued May 21, 1982; Change 2 on October 27, 1982; Change 3 on February 16, 1983; Change 4 on April 28, 1983; Change 5 on June 1, 1983; and Change 6 on June 28, 1983):

PAGE CHANGES

Remove: Pages ii through v, ix&x, II-7&II-8, VI-5&VI-6, VII-3&VII-4, C-1&C-2, C-9&C-10, and F-1.

Insert: Attached replacement pages.

Changes appear on pages ii, v, ix, II-8, VI-5, VII-3, C-1&C-2, C-9&C-10, and F-1 and are indicated by marginal asterisks.

EFFECTIVE DATE AND IMPLEMENTATION

The above changes are effective immediately. Forward two copies of the revised implementing documents to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), within 120 days.

O. J. Williford

O. J. WILLIFORD, Director
Correspondence and Directives

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DEPARTMENT OF DEFENSE
PUBLICATION SYSTEM

CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE
Assistant Secretary of Defense
(Manpower, Reserve Affairs,
and Logistics)

CHANGE No. 5
DoD 1401.1-M
June 1, 1983

PERSONNEL POLICY MANUAL FOR
NONAPPROPRIATED FUND INSTRUMENTALITIES

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), has authorized the following changes to DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," January 1981 (Change was issued May 21, 1982; Change 2 on October 27, 1982; Change 3 on February 16, 1983; and Change 4 on April 28, 1983):

PAGE CHANGES

Remove: Pages vi and B-1&B-2.

Insert: Attached replacement pages and new pages VIII-1 through VIII-4 and G-1 through G-4.

Changes appear on pages vi and B-2 and are indicated by marginal asterisks.

EFFECTIVE DATE AND IMPLEMENTATION

The above changes are effective immediately. Forward two copies of the revised implementing documents to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), within 120 days.

O. J. Williford

O. J. WILLIFORD, Director
Correspondence and Directives

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DEPARTMENT OF DEFENSE
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CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE
Assistant Secretary of Defense
(Manpower, Reserve Affairs,
and Logistics)

CHANGE No. 4
DoD 1401.1-M
April 28, 1983

PERSONNEL POLICY MANUAL FOR
NONAPPROPRIATED FUND INSTRUMENTALITIES

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), has authorized the following changes to DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," January 1981 (Change 1 was issued May 21, 1982; Change 2 on October 27, 1982; and Change 3 on February 16, 1983):

PAGE CHANGES

Remove: Pages ii&iii, vii&viii, ix, III-5 through III-9, B-1 through B-6, C-1 through C-10 (changes to Appendix C, pages C-1 through C-12, were inadvertently omitted from Change 3, February 16, 1983, and have been incorporated into this change), D-3&D-4, and E-3&E-4.

Insert: Attached replacement pages and new pages ix&x, III-9&III-10, III-11, and C-11&C-12.

Changes appear on pages iii, vii&viii, ix, III-5 through III-8, B-1 through B-3, C-2, C-4, D-4, and E-3 and are indicated by marginal asterisks.

EFFECTIVE DATE AND IMPLEMENTATION

The above changes are effective immediately. Forward two copies of the revised implementing documents to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), within 120 days.

O. J. Williford

O. J. WILLIFORD, Director
Correspondence and Directives

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81 MAR

DEPARTMENT OF DEFENSE
PUBLICATION SYSTEM

CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE
Assistant Secretary of Defense
(Manpower, Reserve Affairs,
and Logistics)

CHANGE No. 3
DoD 1401.1-M
February 16, 1983

PERSONNEL POLICY MANUAL FOR
NONAPPROPRIATED FUND INSTRUMENTALITIES

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requir ments), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), has authorized the following changes to DoD 1401.1-M, "Personne Policy Manual for Nonappropriated Fund Instrumentalities," January 1981 (Change was issued May 21, 1982, and Change 2 was issued October 27, 1982):

PEN CHANGES
Page vi
Appendix E. Change to read: NAF PAY ADMINISTRATION (Hourly Paid Employees)
Page I-1
Introduction. Insert CHAPTER I above the word INTRODUCTION.
Page I-4
Subsection F.1., line 5. Change to read: must meet the basic objectives of DoD policy set forth in Chapter I, section D
Page III-9
Paragraph B.3.e., line 3. Change to read: cation Standards apply. Details on the plan, the grading of jobs, and supple-
Page VII-4
Subsection B.8., line 4. Delete (See OPM 5-7901).
Page C-2
Appendix C, paragraph B.4.d. Delete entire paragraph.

Changed portions are underscored.

PAGE CHANGES
Remove: Pages iv&v, vii&viii, ix, II-1 through II-6, II-11&II-12, III-1 through III-6, IV-3 through IV-8, V-1&V-2, V-5&V-6, V-9 through V-12, VI-5&VI-6, VII-1&VII-2, VII-5, and D-1 through D-4.
Insert: Attached replacement pages.

Changes appearing on revised pages are indicated by marginal asterisks.

EFFECTIVE DATE
The above changes are effective immediately.

O. J. Williford

O. J. WILLIFORD, Director
Correspondence and Directives

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DEPARTMENT OF DEFENSE
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CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE
Assistant Secretary of Defense
(Manpower, Reserve Affairs,
and Logistics)

CHANGE No. 2
DoD MANUAL 1401.1-M
October 27, 1982

PERSONNEL POLICY MANUAL FOR
NONAPPROPRIATED FUND INSTRUMENTALITIES

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), has authorized the following changes to DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," January 1981 (Change 1 was issued May 21, 1982):

PAGE CHANGES

Remove: Pages vi, B-1&B-2, and B-3&B-4.

Insert: Attached replacement pages and new page B-2-A.

Changes appearing on revised pages are indicated by marginal asterisks.

EFFECTIVE DATE

The above changes are effective immediately.

O. J. Williford

O. J. WILLIFORD, Director
Correspondence and Directives

Attachments: 6 pages

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81 MAR

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C 20301

MANPOWER,
RESERVE AFFAIRS
AND LOGISTICS

January 13, 1981

FOREWORD

This manual is reissued under the authority of DoD Instruction 1401.1, "Personnel Policy for Nonappropriated Fund Instrumentalities (NAFIs)," July 24, 1978. It supersedes and cancels DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," May 1978.

This manual applies to DoD civilian and off-duty military employees of Nonappropriated Fund Instrumentalities (NAFIs) worldwide, whose compensation is derived from nonappropriated funds, except for the following exclusions:

1. Employees of private organizations who have been authorized by appropriate military authority.

2. Civil Service and U.S. military personnel assigned to morale, welfare, or recreational activities.

3. Independent contractors (such as professional entertainers and sports officials), where no employer and employee relationship exists.

4. Individuals employed by private contractors and concessionaires who do business with NAFIs.

5. Local nationals or third country nationals employed in Guam, other U.S. areas, or in foreign areas who may be subject to the provisions of treaties or country-to-country agreements.

The manual is effective immediately and is mandatory for use by all DoD Components. Heads of DoD Components may issue supplementary instructions only when necessary to provide for unique requirements within their respective components.

Recommendations for changes may be submitted to:

Director for NAF Personnel Policies, OASD(MRA&L)
The Pentagon
Washington, D.C. 20301

Robert B. Pirie, Jr.
Assistant Secretary of Defense (MRA&L)

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#Second Amendment (Ch 6, 6/28/83)

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#Third Amendment (Ch 5, 6/1/83)

REFERENCES

DoD DIRECTIVES

1010.4 "Alcohol and Drug Abuse by DoD Personnel," August 25, 1980

1100.15 "The Department of Defense Equal Opportunity Program," June 3, 1976

1330.2 "Funding of Morale, Welfare and Recreation (MWR) Programs," March 17, 1978

1342.13 "Eligibility Requirements for Education of Minor Dependents in Overseas Areas," July 8, 1982 *

1400.5 "DoD Policy for Civilian Personnel," March 21, 1983

1400.6 "DoD Civilian Employees in Overseas Areas," February 15, 1980

1402.1 "Employment of Retired Members of the Armed Forces," January 21, 1982

1426.1 "Labor-Management Relations in the Department of Defense," June 29, 1981

5100.23 "Administrative Arrangements for the National Security Agency," May 17, 1967

5120.39 "Department of Defense Wage Fixing Authority Appropriated Fund Compensation," April 24, 1980

5120.42 "Department of Defense Wage Fixing Authority - Nonappropriated Fund Compensation Programs," May 19, 1977

5500.7 "Standards of Conduct," January 15, 1977

DoD INSTRUCTIONS

1000.15 "Private Organizations on DoD Installations," September 22, 1978

1400.10 "Employment of Foreign Nationals in Foreign Areas," December 5, 1980

1400.23 "Employment of Dependents of Military and Civilian Personnel Stationed in Foreign Areas," September 18, 1974

1401.1 "Personnel Policy for Nonappropriated Fund Instrumentalities (NAFIs)," July 24, 1978

5120.16 "Department of Defense Incentive Standards," July 15, 1974

*Third Amendment (Ch 9, 4/30/84)

DoD MANUALS

1400.25-M "Civilian Personnel Manual," July 1978

1401.1-M-1 "Job-Grading System Manual for Nonappropriated Fund Instrumentalities October 1981

5200.2-R "DoD Personnel Security Program," December 1979

* 5000.12-M "DoD Manual for Standard Data Elements," December 1982 *

EXECUTIVE ORDERS

11137 "Relating to Certain Allowances and Benefits for Civilian Employees of NAFIs of the Armed Forces," January 7, 1964

11222 "Prescribing Standards of Ethical Conduct for Government Officers and Employees," May 8, 1965

11478 "Equal Employment Opportunity in the Federal Government," August 8, 1969

11582 "Observances of Holidays by Government Agencies," February 11, 1971

UNITED STATES CODE

Title 5, United States Code - Government Organization and Employees Section, as amended:

2105 (status of nonappropriated fund employees)

3110 (restrictions in the employment of relatives)

5332 (general schedule pay rates)

5361-5366 (grade and pay retention instructions applicable to federal wage system employees)

5532-5533 (dual pay and dual employment)

5911 (entitlement of quarters and facilities by civilian employees in the United States)

7101-7103 (labor management relations)

7324 (influencing elections; taking part in political campaigns; prohibitions with exceptions)

7901 (health services programs for civilian employees)

7902 (legal status of civilian NAF employees with regard to safety programs)

8171 (extends the provisions of the Longshoremen's and Harbor Workers' Compensation Act to nonappropriated fund employees)

#Third Amendment (Ch 9, 4/30/84)

Title 38, United States Code - Veterans Benefits

101 (definitions)
301 (definitions)

Title 42, United States Code - The Public Health and Welfare Section:

410, Social Security (nonappropriated fund employees)

PUBLIC LAWS

90-40, "Military Selective Service Act of 1967," as amended (the draft and the rights of the military man)

92-261, March 24, 1972 (equal employment opportunity)

92-392, August 19, 1972, amends subchapter IV of chapter 53 of Title 5, United States Code (fixing and adjusting of rates of pay for prevailing-rate employees)

92-576, "Longshoremen's and Harbor Workers' Compensation Act," October 27, 1972 (rates of compensation for a nonappropriated fund instrumentality employee) (5 U.S.C. 8171)

93-259, April 18, 1974 (amending the Fair Labor Standards Act, as amended to cover nonsupervisory Federal employees under its provisions for minimum wage and overtime and nondiscrimination because of age)

95-595, November 4, 1978, amends the Budget and Accounting Procedures Act of 1950 - Pension Plans to provide for annual financial audits with respect to pension plans for employees of the Federal Government, its agencies, and instrumentalities

96-70, "Panama Canal Act of 1979," provides for the operation and maintenance of the Panama Canal under the Panama Canal Treaty of 1977

97-248, "Tax Equity and Fiscal Responsibility Act of 1982," September 3, 1982 * (impacts on employee benefits plans) *

REGULATIONS

Joint Travel Regulations, Volume 2 (payment for official travel and transportation of U.S. Government employees)

Department of State Standardized Regulations (Government Civilians - Foreign Areas), April 2, 1961, as amended:

Section 030 (eligibility for allowances and differentials)

Section 270 (education allowances for dependents of civilian personnel employed overseas)

OPM FEDERAL PERSONNEL MANUAL

Chapter 310, Employment of Relatives

Chapter 713, Equal Employment Opportunity

Chapter 731, Suitability

OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULARS

A-72	"Federal Employees Occupational Health Service Programs," June 18, 1965	
A-76	"Policies for Acquiring Commercial or Industrial Products and Services Needed by the Government," (revised) March 29, 1979	* *

#First Amendment (Ch 3, 2/16/83)

INTRODUCTION

A. POLICY

The Department of Defense conducts its relationships with NAFI employees in accordance with those policies and principles expressed in DoD Directives 1400.5, 1400.6, and 5120.42, as supplemented herein, with due consideration to maintaining the financial integrity of nonappropriated funds and at no cost to appropriated funds except where specifically authorized.

B. BACKGROUND

1. The Department of Defense recognizes that the maintenance of high morale among military personnel and civilian employees of the Military Establishment is essential to the military effectiveness of the Armed Forces. Historically, it has been the responsibility of the Heads of DoD Components to create, maintain and support programs, services, and activities which have a direct bearing on the morale of military personnel, their dependents, and civilian employees of the Defense Establishment.

2. The delegation of authority to the Heads of DoD Components for the administration of these programs, services, and activities has resulted in the development of separate and distinct NAFI personnel management systems throughout the Military Departments--each differing somewhat in the manner in which they administer to their employees. Considerable latitude has been afforded local commanders in creating, operating, and controlling nonappropriated fund instrumentalities.

3. The differences which have existed in how local wages are determined; the basis upon which benefits are provided; the wide variation in leave policies among NAFIs: all indicate the need to provide greater equity in NAFI employment practices for employees within the Department of Defense. To this primary objective, this manual is directed.

C. DEFINITIONS

For the purposes of this manual, the following definitions apply except where they may conflict with public law:

1. Appropriated Fund Employee. A person paid from funds appropriated by the Congress of the United States.

2. Nonappropriated Fund Instrumentality (NAFI) Employee. A person employed by a Nonappropriated Fund Instrumentality and compensated from nonappropriated funds.

3. Concessionaire. An entrepreneur placed under contract to an authorized Nonappropriated Fund Instrumentality for the purpose of providing goods and/or services.

4. Private Organization. A generally self-sustaining, non-Federal instrumentality, incorporated or not, and constituted or established and operated on a DoD installation with the written consent of the installation commander or higher authority, by individuals acting exclusively outside the scope of any official capacity as officers, employees, or agents of the Government.

5. DoD Components. The Office of the Secretary of Defense, the Military Departments, the Defense Agencies, and the Army and Air Force Exchange Service. (See DoD Instruction 1401.1, for special interpretation of DoD Components as it applies to this manual.)

6. Local National NAFI Employee. A national or citizen of a host country who is employed in that country by or for a NAFI.

7. Third (Other) Country National NAFI Employee. A citizen or national of a country other than the United States or the host country in which employed by a Nonappropriated Fund Instrumentality.

8. Foreign Areas. Areas (including the Trust Territory of the Pacific Islands) situated outside the United States, the Commonwealth of Puerto Rico, the Canal Zone, and the possessions of the United States.

9. Host Country. A foreign country where U.S. Forces are stationed.

10. Host Government. The political authority of the foreign country where U.S. Forces are stationed under provisions of a treaty and/or agreement.

11. Resident Aliens. People who are foreign born residing in the host country and who have not become naturalized citizens.

12. Non-U.S. Citizens. A person who is not a citizen of the United States.

13. U.S. National. A person born:

a. In an outlying possession of the United States on or after the date of formal acquisition of that possession;

b. Of parents who are U.S. nationals, in an outlying possession of the U.S.; or

c. Of unknown parents in an outlying possession of the United States.

14. Indirect Hire System. Provides that the host country assumes the responsibility of assuring that the needs of the U.S. Forces for local national personnel are met and that the host country is in fact the official employer of such personnel.

15. Local Prevailing Rates. Rates, determined by wage surveys, paid to local national personnel employed in retail, wholesale, service and recreation establishments for comparable jobs.

16. Nonappropriated Fund Instrumentality (NAFI). An integral DoD organizational entity through which (a) an essential Government function is performed, and (b) other DoD organizations are provided or assisted in providing morale, welfare, and recreational programs for military personnel and authorized civilians. The NAFI is established and maintained individually or jointly by the Heads of the DoD Components.

a. As a fiscal entity, the NAFI maintains custody of and control over its nonappropriated funds, and is also responsible for the prudent administration, safeguarding, preservation, and maintenance of those appropriated fund resources made available to carry out its function.

b. The NAFI contributes to the morale, welfare and recreational programs of other organizational entities when so authorized, is not incorporated under the laws of any State or the District of Columbia, and enjoys the legal status of an instrumentality of the United States.

17. Nonappropriated Funds (NAFs). Consist of cash and other assets received by NAF Instrumentalities from sources other than monies appropriated by the Congress of the United States. NAFs are Government funds and are used for the collective benefit of military personnel, their dependents, and authorized civilians who generated them. These funds are separate and apart from funds which are recorded in the books of the Treasurer of the United States.

D. OBJECTIVES

The objectives of this manual are to:

1. Assure that employees of the NAFIs are treated equitably and fairly and in consonance with all applicable Federal laws, Executive orders and other pertinent regulations.

2. Provide a basis for achieving greater uniformity among NAFIs in the management of their personnel.

3. Recognize and provide a basis for dealing with labor organizations.

4. Assist DoD Components in obtaining, developing and retaining a workforce of well-qualified individuals.

5. Achieve optimum utilization of available manpower resources.

6. Recognize fully and maintain the integrity of NAFIs and their value in contributing to the overall morale, welfare, and recreation programs for military personnel, their dependents, and civilian employees of the Department of Defense.

E. LEGAL STATUS OF CIVILIAN EMPLOYEES OF NAFIs

1. NAFI employees are Federal employees within the Department of Defense.

2. Section 2105(c)[1] of Title 5, U.S.C., provides that:

> "An employee paid from nonappropriated funds of the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Ship's Stores Ashore, Navy exchanges, Marine Corps exchanges, Coast Guard exchanges, and other instrumentalities of the United States under the jurisdiction of the Armed Forces conducted for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Armed forces is deemed not an employee for the purpose of
>
> (1) laws (other than subchapter IV of chapter 53[2] and sections 5550[3] and 7204[4] of this title) administered by the Office of Personnel Management; or
>
> (2) subchapter I of chapter 81[5] and section 7902[6] of this title.
>
> This subsection does not affect the status of these nonappropriated fund activities as Federal instrumentalities."

3. Subchapter IV of chapter 53 of Title 5, United States Code, as amended by Pub. L. 92-392 provides for a pay system under which the rates of pay of prevailing-rate employees are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates.

4. The Acts quoted above removed NAFI employees from the provisions of laws or regulations administered by the U.S. Office of Personnel Management (OPM), except EEO and wage fixing for prevailing-rate employees covered under the provisions of Pub. L. 92-392 and except for application of the Fair Labor Standards Act as amended by Pub. L. 93-259.

5. NAFI personnel policy is governed or guided by DoD directives, instructions, manuals, executive orders, public laws, OPM issuances, DoD circulars, and other regulations. Documents pertaining to this manual are listed on pages vii through ix.

F. NEW OR REVISED PROGRAMS

1. The provisions of this manual shall not be construed as limiting NAFIs in the continuance, development, implementation and administration of personnel policies deemed appropriate to the establishment and maintenance of sound, progressive career development and management programs. However, such programs must meet the basic objectives of DoD policy set forth in chapter I, section A of this chapter.

1 Definition of employee.
2 Prevailing rate pay systems.
3 NAF employee pay for Sunday and overtime work.
4 Certain areas of EEO.
5 Compensation for work inquiries.
6 Safety programs.

2. New programs or revisions to existing programs which have the effect of increasing the levels of NAFI employee compensatory benefits and allowances so that they exceed those authorized in this manual will be subject to approval, prior to implementation, by the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) (ASD(MRA&L)) upon recommendation of the appropriate Head of the requesting DoD Component.

3. DoD Components are encouraged to carry out research and demonstration projects that test new approaches to personnel management. Such projects require prior approval of the DoD Personnel Policy office and consultation with employees or consultation and negotiation with unions when negotiated agreements exist. The DoD Personnel Policy office may waive personnel policies in the conduct of projects, provided such waivers do not violate laws, rules or regulations relating to political activities or equal employment opportunity; leave, insurance, or annuity provisions; merit system principles; or prohibited personnel practices.

G. IMPLEMENTATION

Heads of DoD Components or designees shall forward two copies of revised implementing documents to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), within 120 days of the effective date of this manual.

CHAPTER II

EMPLOYMENT AND PLACEMENT

EMPLOYMENT

1. General Policy. Each DoD Component shall ensure that the recruitment, ction, placement, promotion, termination and other related personnel ons, involving NAFI employees, are in consonance with the Federal Govern- 's commitment to fair employment practices and equal opportunity and treat- for both applicants and employees.

2. Specific Policies

a. Categories of Employees. Each DoD Component shall categorize its employees for purposes of establishing for each employee the status of his er employment. To accomplish standardization of employee categories among NAF programs the following definitions and interpretations will apply:

(1) Regular Employees

(a) Regular full-time (RFT) employees are those hired for inuing positions and who have a regularly scheduled workweek of 35 hours ore.

(b) Regular part-time (RPT) employees are those hired for inuing positions for a minimum of 20 hours per week but less than 35 hours week on a regularly scheduled basis.

(2) Temporary Employees

(a) Temporary full-time employees are those who are employed 35 hours or more per week for not more than 12 months in a continuing pay us in the same NAFI. When their employment goes beyond this period, the gory of employment will be changed to that of RFT employees.

(b) Temporary part-time employees are those who are employed a minimum of 20 hours per week but less than 35 hours per week for not more 12 months in a continuing pay status in the same NAFI. If employed in a inuing pay status beyond this period, the category of employment will be ged to that of RPT employees.

(3) Intermittent Employees

(a) Employees who are not on a regularly scheduled workweek who usually work less than 35 hours a week. Their employment is on a rring basis, but only when needed. Included in this category are those oyees who work less than 20 hours per week on a part-time basis, with or out a regular schedule.

(b) Normally intermittent employees are used to cover special events, emergencies, unexpected workloads, vacation relief, and other similar situations.

(c) It may be necessary to request an intermittent employee to work on a regular schedule either for more than 35 hours in a workweek, or for 20 hours or more but less than 35 hours in a workweek. In such cases, the category of the employee need not be changed to full-time or part-time. However, if the employee is retained on a regular schedule for more than 90 consecutive calendar days, DoD Components will require a local-level review at the end of the 90 days to determine the reason for working the extra hours.

1 If the employee is working the extra hours because of a temporary need (such as, working in the place of a temporarily absent employee), or is performing an unscheduled type of work (such as, working a special function (a banquet, party, or dining in)), the employee may continue working out of his or her employment category. However, a review shall be made each succeeding 30 days and the reasons shall be recorded in the employee's personnel folder.

2 If the employee is working the extra hours and there is a need to continue the extra hours indefinitely, the employee will be changed to a regular full-time or part-time category.

3 If the employee's work hours are changed to a regular category (a) the change is effective the beginning of the pay period after the 90th day; (b) the employee is concurrently placed in a probationary status with no retroactive pay; and (c) the employee becomes eligible for participation in the appropriate employee benefit programs.

(d) Intermittent employees are not eligible for participation in benefit programs including the various types of leave.

(e) Intermittent employees are further categorized for pay purposes as

1 Those with a prearranged, regularly scheduled tour of duty. Such employees are eligible for normal step increases in accordance with FPM Supplement 532-2, paragraph S8-5b(1)(a).

2 Those without a prearranged, regularly scheduled tour of duty (on call). Such employees accumulate time-for-step-increases on the basis of the number of days actually worked as specified in FPM Supplement 532-2, paragraph S8-5b(1)(b).

(f) All intermittent employees will be officially placed on the payroll of the employing NAFI.

(4) Temporary Emergency Employees. Those who are employed for not more than 30 days in the event of an emergency, without regard to normal * hiring priorities. One 30-day extension may be authorized by heads of DoD * Components. *

b. Equal Opportunity

(1) The Heads of DoD Components shall establish, maintain, and carry out a continuing, affirmative program designed to promote equal opportunity in every aspect of personnel policy and practice in the employment, development, advancement and treatment of their NAFI employees. This policy implements E. O. 11478, P.L. 92-261, and DoD Directive 1100.15.

(2) The Head of each DoD Component shall:

(a) Provide sufficient resources to administer its equal employment opportunity program among the NAFIs in a positive and effective manner;

(b) Conduct a continuing campaign to eradicate every form of prejudice or arbitrary discrimination based on race, color, religion, sex, age, national origin, or handicapped condition, from personnel policies, practices, and working conditions to include appropriate action against employees who display prejudice or arbitrarily discriminate in action or interaction with other employees.

(c) Communicate this policy and program and employment needs to appropriate sources of job candidates and solicit their recruitment assistance on a continuing basis;

(d) Utilize to the fullest extent the present skills of employees by all means, including the redesigning of jobs where feasible;

(e) Consistent with the organization of the individual NAFI activity and the scope of available advancement opportunities, establish an Upward Mobility Program for NAFI employees that will provide the maximum feasible opportunity for employees to enhance their highest attainable levels of skills, knowledge, and abilities through on-the-job training, job reengineering, and other development measures so that they may perform at their highest potential and advance in accordance with their capabilities. *

(f) Provide orientation, training, and guidance to managers and supervisors to assure their understanding and implementation of the equal employment policy program;

(g) Provide for participation at the local community level with other employers, schools, universities, and public and private groups in cooperative action to improve employment opportunities and community conditions that affect employability;

(h) Provide for counseling employees and applicants who believe they have been discriminated against and for informally resolving matters raised by them;

(i) Provide for the prompt, fair, and impartial consideration and disposition of complaints involving issues of discrimination; and

(j) Establish a system for periodically evaluating the effectiveness of the overall equal employment opportunity effort.

c. Employment of Relatives

(1) The employment, appointment, or promotion of relatives of commissioned officers, noncommissioned officers, and civilian officials who hold administrative positions where they exercise jurisdiction or control over the employing NAFI is prohibited. Further, such officials may not advocate a relative's appointment, employment, promotion or advancement anywhere within the Department of Defense. This policy is consistent with provisions of 5 U.S.C. 3110. The policy does not prohibit the exercise of reemployment rights after military service as provided by the Military Selective Service Act of 1967, as amended.

(2) The commanding officer of a local installation, where a NAFI exists and the administrator, manager, or supervisor of any nonappropriated fund instrumentality are considered to hold administrative positions as referred to in the policy statement above. However, the policy is not to prohibit employment of a relative of one NAFI administrator by another NAFI administrator, provided the relative's employment was not advocated by the related administrator. For example, a relative of the Director of Special Services at an installation may be employed by the exchange at the same installation.

(a) The policy covers all categories of employees as identified in subsection A.2. of this chapter.

(b) The prohibition inherent in the policy is to avoid creation of any situation where favored treatment or collusion between family members may occur.

(c) NAFI administrators may employ relatives of military personnel and civilians assigned to or employed by the fund provided the employee is not under the direct supervision of a relative as defined in (e), below.

(d) The assignment of employees will be reviewed regularly to assure that this policy is strictly adhered to.

(e) For purposes of interpretation "relative" includes father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, grandparents, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister.

(f) The Head of each DoD Component may prescribe regulations authorizing the temporary employment, in the event of emergencies resulting from natural disasters or similar unforeseen events or circumstances, of individuals whose employment would otherwise be prohibited by this policy.

d. Employment of Minors. Heads of DoD Components may authorize the employment of U.S. citizen dependents of DoD military and civilian personnel assigned in the host country foreign areas, ages 14 and 15, under summer and student programs, and paid under a special summer and student wage schedule.

Otherwise, the employment of persons under 16 years of age in any NAFI position is prohibited. The employment of persons under 18 years of age will be in conformance with:

(1) ...The Fair Labor Standards Act in that such persons will not be employed in or assigned to positions which are hazardous or detrimental to their health; and

(2) ...Published State and local labor standards and requirements.

e. Employment of the Handicapped. DoD Components shall give full consideration to employment of the handicapped in all NAFIs. Recruitment of such personnel, their selection and placement, as well as promotion, will be based solely on their ability to satisfactorily perform the duties of the position.

f. Employment of Retired U.S. Military Personnel

(1) Retired members of the Uniformed Services will be accorded the same rights and considerations as all other applicants for civilian employment in NAFIs. However, their employment will be subject to the restrictions imposed by DoD Directive 1402.1.

(2) The basic element inherent in this policy is that in the employment of retired members of the Uniformed Services by NAFIs the practice and appearance of preferential treatment is avoided. This is essential, not only in the interest of the public and of career employees, but in order to protect such retired personnel from unwarranted allegations that they obtained their positions through influence based upon prior military service.

(3) All vacancies will be well publicized and recruitment conducted over a sufficiently long period of time so as to give all interested candidates an opportunity to apply, and the qualification requirements for the position will not be written in a manner designed to give advantage to a particular individual. To avoid any suspicion or appearance of preferential treatment, every reasonable effort to locate other qualified candidates will be made before appointing a retired member of the Military Services to a NAFI position.

(4) Positions will not be held open pending the retirement of a member of the Uniformed Services in order to provide that person with a preferential opportunity to apply for the position.

(5) If the position was last occupied by the proposed appointee or another military incumbent, it will be clearly demonstrated that the proposed change to civilian incumbency is to meet a bona fide management need and not for the purpose of affording civilian employment to the proposed appointee.

(6) Employment of retired members of the Armed Forces to any NAFI position during the period of 180 days immediately following retirement must be accomplished under the provision of subsection D.3. of DoD Directive 1402.1.

g. Utilization of U.S. Off-Duty Military Personnel

(1) Subject to the provisions of DoD Directive 5500.7, enlisted
nel may be employed in a NAFI position after duty hours on other than a
ime basis; that is, regular part-time, temporary part-time, or intermit-
No NAF monies may be disbursed for payment of personal services to any
ry personnel, except as authorized above. Specifically precluded under
ovisions of these instructions is the payment of NAF scheduled pay,
s, overtime pay, incentive pay, or any other remuneration for work per-
by military personnel, while either on or off-duty, who are not regularly
ed in a NAFI position. Time worked in the military assignment shall not
d to determine the pay of enlisted personnel for duties performed in NAFI
ons.

(a) Heads of Components shall issue, for control purposes,
ic instructions to preclude conflict of interest and preferential hiring
isted personnel who are assigned to a morale, welfare, recreation,
ing, or other activity supported by a NAFI as prime military duty.

(b) Compensation for off-duty hours worked shall be identical
t authorized in salary and wage schedules for civilian employees who
m similar duties and responsibilities.

(c) The total number of hours that off-duty enlisted per-
may work in one or more NAFIs shall not exceed 34 hours in any one
strative workweek.

(2) Active duty commissioned and warrant officers are prohibited
eceiving compensation in any form from NAFIs except on an intermittent
sis for services rendered in such capacities as officials at athletic
and participation in miscellaneous recreational and entertainment
ties as approved by appropriate authority. Off-duty enlisted personnel
so be compensated for services rendered during these events on an
ittent fee basis, notwithstanding the provisions of (1), above.

h. Reinstatement

(1) RFT and RPT NAFI employees who have satisfactorily completed
obationary period and who voluntarily separate or who are involuntarily
ted from the employing NAFI, other than for cause, may be reinstated by
ame NAFI. Such employees are not eligible for reinstatement after 6
from the date of separation and their eligibility is limited to the same
com which they separated. Except for benefit entitlements under the pro-
s of Chapter VI of this Manual, during the separation period such person-
ll be considered to have been in continuous service in a leave-without-pay
with the rights, privileges, and benefits accruing as set forth in this
. Normally, the employee should be reinstated at the same grade and step
e or she held when such employment was terminated.

(2) An individual suspended or removed for reasons of national
y may be restored to duty in a NAFI at the discretion of the Head of
) Component concerned.

i. Transfers. A transfer is the movement of a NAFI employee from one NAFI to another. Except as provided in paragraph (2) below, the transfer occurs without a break in service of over 1 workday.

(1) Transfer of Functions. A transfer of function is the transfer of responsibility for the performance of a continuing function from one NAFI to one or more other NAFIs within or between DoD Components. An employee has no right to transfer with his or her function regardless of his or her personal preference, unless the alternative is separation or downgrading.

(a) To provide equity and employment continuity, each RFT and RPT NAF employee whose position is identified in a functional transfer between NAFIs, and who has the right to transfer, will be afforded the opportunity to transfer with his or her position.

(b) If the functional transfer results in a reduction in force (RIF) in the gaining NAFI, the employee who is qualified and who will accept employment will compete for placement with other employees for selection in the receiving NAFI with full credit for all prior RFT or RPT NAFI service within the Department of Defense.

(2) A RFT or RPT employee who has completed his or her probationary period and who is hired by a different NAFI within 90 calendar days after removal from pay status because of RIF in a losing NAFI will be considered to have transferred to the gaining NAFI only for purposes of (3), (5), and (6).

(3) An employee who has transferred from one NAFI to another NAFI within DoD will be given service credit in the gaining NAFI for his or her prior DoD NAFI employment in accordance with the provisions of this manual.

(4) Upon transfer of a RFT or RPT employee to another NAFI within DoD, the employee will be paid for the accumulated annual leave credited to his or her account. However, if the transferred employee elects, and the losing and gaining NAFIs agree, annual leave credit and the funds to cover its cost may be transferred from the losing to the gaining NAFI.

(5) All accumulated sick leave credit will be transferred by the losing NAFI to the gaining NAFI provided the individual is placed in a pay status in the gaining NAFI within 90 calendar days. However, no transfer of funds will be made from losing to gaining NAFI for sick leave credits transferred. The gaining activity will assume the financial obligation.

(6) When a RFT DoD NAFI employee participating in a NAFI retirement plan is transferred by reason of transfer of function, or is hired by a different NAFI within 90 calendar days of removal from pay status because of RIF in the losing NAFI, and the gaining DoD NAFI offers a different retirement plan, such employee is entitled to transfer of pension rights, so that on retirement the employee will draw a pension under the gaining DoD NAFI retirement plan, computed on total credited NAFI service with both losing and gaining NAFIs. Retirement credit will be in accordance with VI.C.3.r. and appendix C., section B., paragraph 4, "Retention of Pension Rights." Further, group life and health insurance coverage will be made available by the gaining DoD NAFI as described in VI.C.5., effective with the date of application if the transferred employee files application for such coverage within 1 month from the date of employment with the NAFI.

j. Movement to NAFI Employment from Other Types of Employment. An employee in a public or private enterprise, whose duties are to be performed in a NAFI, may be employed by that NAFI without competition if the employee:

(1) Meets the citizenship requirement of the geographical area in which employed.

(2) Is qualified for the position.

(3) Has rendered at least 6 months of service in one or more positions in the previous employing activity immediately before to being converted to NAFI employment.

(4) Is not precluded from NAFI employment because of dual compensation, nepotism, conflict of interest, or country-to-country agreement provisions.

* k. Employee Move Cost-Reduction Program. In order to reduce costs to both the NAFI and to the employee, heads of DoD Components may establish an employee move cost-reduction program whereby an eligible employee may receive a monetary reward for opting to move his or her own household goods, for opting to sell his or her own house, or for opting not to ship a privately owned vehicle to or from overseas. The monetary rewards would be less than normal NAFI costs resulting from employee moves. Therefore, both the employee and the NAFI would benefit. Since the AAFES cost-reduction program has proven to be a success, heads of DoD Componenets are encouraged to use it as a guide in the establishment of Component programs. *

B. RECRUITMENT, SELECTION, AND PLACEMENT

1. General Policy. Proper recruitment, selection and placement procedures are vital factors in the development of a viable and effective NAFI work force. To achieve this objective, Heads of DoD Components, in the administration of their NAFI personnel, shall establish personnel management procedures which include careful job analysis; preparation of accurate job descriptions; establishment of the qualifications for positions; a broad source of applicants; objective selection procedures; and adequate indoctrination and supervision of the individual while on the job.

2. Specific Policies

a. Position Control

(1) At all times NAFI personnel management emphasis shall be to eliminate nonessential positions at all levels, to increase productivity by improved control, and to ensure maximum utilization of NAFI manhours. A continuing review of positions shall be conducted to ensure that requirements are commensurate with operating needs.

(2) In the interest of establishing and maintaining sound management practices at all levels of NAFI administration, Heads of DoD Components shall exercise strong supervision to ensure that established NAFI jobs do not exceed actual workload requirements through adjustments in the existing manpower resources of the employing NAFI.

b. Qualification Requirements. Establishment of realistic qualification standards and requirements for any NAFI position will be based on factual job requirements. These qualifications will be written so that the competition for the job is not restricted to any one individual. The qualifications of each applicant for a NAFI position shall be carefully reviewed and evaluated. The basic applicable principle is finding the best qualified person available for the job.

c. Employment Requirements

(1) To ensure that the most suitable and qualified persons are employed by NAFIs at all levels, DoD Components shall ensure that established recruiting procedures are followed to the fullest extent practicable. These include submission of a complete and accurate application form, reference checks, and any security and other preemployment investigations deemed appropriate to the position.

(2) Depending on the nature and extent of responsibilities of the position being filled by the NAFI, any employment procedures established by the Heads of DoD Components will embody the following:

(a) Medical evidence of satisfactory health condition, as required for the job;

(b) Compliance with the provisions of the Dual Compensation Act, if applicable;

(c) Personal and business references;

(d) Work permit, birth certificate, or other evidence, if applicable;

(e) The appropriate degree of security clearance for sensitive positions;

(f) A favorably completed National Agency Check (NAC) for positions of trust as required by DoD 5200.2-R; and

(g) Compliance with special conditions of employment such as mobility, as required for the job.

(3) The suitability of applicants will be determined by utilizing as a guide the provisions of chapter 731 of the Federal Personnel Manual. Candidates for assignment to positions of trust will be scrutinized. A NAC shall be completed before placing an individual in a position of trust; such positions to be designated by the Components. An individual who does not meet established suitability requirements may not be employed without prior approval of the local commander.

d. Veteran Employment Preference. Preference in employment will be given to qualified applicants who meet one of the veterans preference eligibility criteria included in 5 U.S.C. 2108, provided they are equally qualified for the vacant position.

e. Veteran Restoration Rights. Veteran restoration rights after military service shall be administered in accordance with provisions contained in 38 U.S.C. 2021, et seq.

f. Probationary Period

(1) A probationary period is required for a person appointed to a RFT or RPT position in a NAFI. Exceptions to this requirement are

limited to the appointment of a person who has completed a probationary period and who is appointed either in the same NAFI within 6 months after separation from that NAFI without cause or as the result of a transfer of function from another NAFI. The length of the probationary period will be as follows:

(a) For positions at the executive and management level - 1 year.

(b) For other regular full-time and part-time positions - 6 months.

(2) Upon satisfactory completion of the probationary period the employee will be informed, and it will be recorded.

g. Career Development

(1) Heads of DoD Components shall, insofar as practicable, institute career and executive development programs for NAF employees in order to attract and retain a well-qualified work force. These programs will embody training, counseling, appraisal and other improvement devices which will enable employees to develop and progress.

(2) The program elements necessary to support a career development program will include but will not necessarily be limited to the following:

(a) Career patterns;

(b) Planned intake based on realistic personnel needs;

(c) Training plans which will provide for the improvement in the performance of assigned duties; and

(d) Promotion plans which embody central talent inventory and referral systems.

(3) Components may reimburse employees for costs incurred for educational courses when funds are available. Internal written guidelines shall be published to assure proper reviews and approval of requests by the local director of civilian training and for the reimbursement of authorized expenses with nonappropriated funds.

h. Work Performance Appraisals

work performance of NAFI employees shall be evaluated
.y on both a scheduled and continuous basis with the results
iscussed with each individual employee.

e objectives of the above policy are to:

) Keep employees continuously aware of the performance
them;

(b) Give employees a reasonable opportunity to achieve their best performance in terms of appropriate training, clear assignments, advancement, adequate facilities, and proper supervisory assistance;

(c) Give employees constructive help in correcting weak points in performance and in developing full potential for the job;

(d) Bring out and resolve points of misunderstanding regarding work requirements between supervisors and employees and to develop a constructive relationship between them;

(e) Inform employees whenever work performance changes sufficiently to affect the rating; and

(f) Use the results in determining retention of individuals during RIF action.

i. Employee Records and Files

(1) Heads of DoD Components shall ensure that adequate records are maintained on all employees. These records shall include all official personnel documents effected during an employee's service. An employee's right to review his or her records and the protection of his or her privacy shall be in accordance with P.L. 93-579, the Privacy Act of 1974 (5 U.S.C. 552a).

(2) Except as provided in (a) below, NAFI health units operating under the control of a medical officer or a registered nurse medical supervision shall retain records of medical examinations and other miscellaneous medical records and keep them confidential. Otherwise, they shall be kept in a separate locked cabinet during the employee's NAFI service and may not be made a part of the official personnel folder.

(a) Medical certificates and any other Medical records of examinations used to determine an employee's fitness for the job are permanent records and shall be placed in a sealed envelope. The employee's name (last, first, middle initial), date of birth, and social security number, as illustrated in DoD 5000.12-M, shall appear on the envelope in its upper right hand corner, and the envelope shall be attached on the right side of the official personnel folder. The envelope shall remain attached until the employee's folder is required by another NAFI at which time the receiving NAFI, upon receipt of the folder, shall remove the sealed envelope and place its contents either in the health unit or in locked cabinet for safeguarding medical records.

(b) Miscellaneous medical records, correspondence, dispensary records, and similar papers of temporary value shall be disposed of in accordance with the records disposition schedule of the DoD Component concerned.

(3) When the employment of an individual is terminated, the personnel folder shall be marked "Inactive" and filed in an inactive file. These folders shall be retained for a minimum of 6 months by the employing NAFI after which they shall be disposed of in accordance with the records disposition schedule of the DoD Component. Temporary records shall be removed from the folder before such disposition. When a terminated employee is employed by another NAFI, the employee's personnel folder, upon request, shall be forwarded by the holder to the new employer

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(4) In an effort to expedite requests for information relative to retirement benefits or personnel data, DoD Components shall advise, in writing, separating employees where they may obtain the desired information or record.

j. Volunteer Service

(1) Heads of DoD Components (a) may prescribe regulations to provide for the acceptance of volunteer services; and (b) prior to acceptance of volunteer services, tort liabilities and workers' compensation liabilities which may be incurred by their utilization shall be weighed.

(2) Volunteer services may be accepted only under circumstances that clearly indicate that the services are gratuitously given by the volunteer.

* (3) Individuals who perform services for a NAFI must be paid if * their services free other employees or military personnel for other duties, or * if the work is essential to continued operation and no regular employee or * military personnel is available to perform it. *

k. Supervision of Appropriated Fund Employees. There is no legal prohibition against the supervision of appropriated fund employees within the DoD Components by NAF employees.

l. Details of Employees

(1) A detail is a temporary assignment of an individual to a position different from his or her regular assignment for a period not to exceed 1 calendar year, with the employee returning to his or her regularly assigned duties at the end of the detail. An employee may not be detailed to a position that has less work hours than his or her regular position unless the employee voluntarily requests such detail.

(2) An employee who is detailed to a position at the same or lower grade level as the one from which detailed shall continue to be paid at his or her regularly scheduled rate of pay.

(3) Except for brief periods, employees should not be detailed to perform work of a higher grade level unless there are compelling reasons for so doing. Normally, an employee shall be promoted temporarily to the higher level in accordance with the merit promotion and staffing program. In any event, if a detail to a higher grade level position will last more than 60 calendar days, the employee shall be promoted temporarily under merit promotion and staffing requirements to the higher grade level effective on the 61st day of the detail. Employees improperly detailed to higher grade positions for extended periods shall be allowed retroactive temporary promotions with backpay.

(4) Employees may not be detailed longer than 60 days to perform duties that have not been evaluated as to grade. Prior to the 60th calendar day of such details, the duties involved shall be evaluated, and personnel action shall be taken consistent with the policies for details to work of higher, lower, or equal grade.

#First Amendment (Ch 3, 2/16/83)

CHAPTER III

POSITION CLASSIFICATION, PAY AND ALLOWANCES

A. GENERAL POLICY

1. Hourly Paid Employees. Rates of pay for hourly paid employees shall be determined on the basis of the duties and responsibilities of the jobs, and commensurate with prevailing rates in the immediate locality of employment for comparable work in similar enterprises in the private sector. Locality wage surveys, at approximately annual intervals will serve as the basis for adjustments of pay rates, if warranted.

a. Within the applicable pay plan, NAFI wage policies specified herein shall be uniformly applied by all DoD Components to ensure that NAFI employees receive similar pay treatment within a wage area for work of substantially similar difficulty and responsibility. P.L. 92-392 established the NAFI Federal Wage System (FWS) for prevailing rate Crafts and Trades (CT) employees of the federal government.

b. In accordance with the provisions of P.L. 92-392, the Office of Personnel Management (OPM) has issued FMP Supplement 532-2, which contains detailed procedural instructions for the operation and implementation of the wage system for NAFI CT employees. The DoD Wage Fixing Authority (the pay fixing authority for NAFI employees within the DoD) has administratively extended certain of the principles of P.L. 92-392 and OPM instructions to cover Administrative Support (AS) and Patron Services (PS) positions, hourly paid positions not covered by P.L. 92-392.

c. This chapter and FPM Supplement 532-2 contain the policy and procedural guidance for the administration and operation of the wage system for NAFI CT, AS and PS employees. (Exception: Employees of the National Security Agency whose Director, in accordance with DoD Directive 5100.23, is authorized to fix rates of pay for certain employees of that agency.)

2. Salaried Employees. The DoD Wage Fixing Authority has also established the Universal Annual (UA) salary system which covers employees in managerial, executive, technical, and professional positions.

3. Fair Labor Standards Act (FLSA)

a. The provisions of the Fair Labor Standards Act, as implemented by the OPM in a series of FPM 551 letters, are applicable to all DoD NAFI employees, including off-duty military personnel, who are employed by NAFIs in those geographical areas covered by the FLSA, as amended. The minimum rate to be paid these employees may not be less than the current Federal minimum wage or the applicable State or municipal wage, whichever is higher. (Refer to Chapter VII, regarding pay for NAFI employees in foreign areas.)

b. Heads of DoD Components shall ensure, in accordance with FPM Chapter 551, as supplemented, that employees are made aware of their rights under the FLS

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#First Amendment (Ch 3, 2/16/83)

Employees alleging FLSA violations have the right to file complaints directly with OPM. The law also establishes the right of employees to bring action in a U.S. District Court either directly or after having received the OPM decision on an FLSA complaint.

4. Dual Compensation. The provisions of 5 U.S.C. 5531, 5532, and 5533 (Dual Compensation Act of 1964, P.L. 88-448) pertaining to dual pay and dual employment are applicable to employees of DoD NAFIs.

5. Prohibition on Personal Service Contracts. Personal service contracts may not be used to effect an appointment to a job which requires employment of an individual on a continuing basis. Such positions shall be graded and paid under the appropriate schedule of the DoD Wage Fixing Authority.

6. Extra Pay. No salary or other supplementation of wages shall be provided to or accepted by any NAF employee. This provision does not affect in any way the existing special schedules such as tip and similar commission pay plans, or the executive and other pay plans approved by the ASD(MRA&L). Neither does it affect the existing methods of distributing service charges provided for in special functions contracts and paid to service employees working the special functions.

7. Travel and Transportation. When it is clearly in the interest of the NAFI, expenses for essential travel and transportation of employees and their dependents shall be allowed in amounts not to exceed those prescribed in Volume 2 of the Joint Travel Regulations (JTR). Travel and transportation shall be paid, where appropriate, under the JTR to employees assigned duties associated with area wage surveys. Heads of DoD Components and Commanders, AAFES, have approval authority for all matters covered by Volume 2, JTR, to include use of a flat-rate method for per diem computation when determined to be in the best interest of their Components. This does not provide authority to make exceptions to the provisions of the JTR.

8. Round-Trip Travel Pursuant to a Permanent Change-of-Station (PCS). When authorizing round-trip travel between the old and new duty station to seek a permanent residence, more than one trip may be authorized the employee or spouse or both provided that the total trips combined do not exceed 10 days and the travel expenses for all trips do not exceed the constructive cost of one round trip.

B. SPECIFIC POLICIES

1. Organization and Responsibilities

a. DoD Wage Fixing Authority. DoD Directive 5120.39 establishes the DoD Wage Fixing Authority and DoD Directive 5120.42 defines its authorities and responsibilities in the determination of pay for employees paid from DoD nonappropriated funds. The DoD Wage Fixing Authority is authorized to communicate directly with DoD Components or their subdivisions concerning any matter where a mutual interest or responsibility exists.

b. DoD Components. DoD Components (with the exception of the National Security Agency) shall comply with the requirements of the NAFI Position Classification, Pay and Allowances System, and ensure that commanders and general managers (AAFES) discharge the responsibilities assigned to them for administration of the system. To promote and facilitate compliance, Heads of DoD Components shall:

(1) Make an annual, higher level sample verification or audit or both of one percent of classification and pay actions effected by local personnel offices;

(2) Develop a method to gather the information to assess the status of classification and pay programs at the operating level, using standard data elements and codes when available;

(3) Conduct comprehensive and timely position classification and pay administration training programs for all levels of NAF management including firstline supervisors; and

(4) Ensure that personnel administration is accomplished by qualified personnel.

c. Installation Commanders or General Managers of the Army and Air Force Exchange Services (AAFES). Installation commanders or general managers of AAFES shall:

(1) When designated the host installation for wage surveys,

(a) Fully support the wage survey and ensure that the instructions of the DoD Wage Fixing Authority are carried out.

(b) Provide administrative, technical, and logistic support for the conduct of wage surveys, assisted with support from other installations or activities in the area as necessary. Support shall be provided at no cost to appropriated funds except where specifically authorized.

(2) As delegated by DoD Component headquarters, determine NAFI pay category, title, and codes for jobs; apply job grading standards and pay; and administer authorized wage rates for their NAFI employees. To promote compliance, commanders or general managers of the AAFES shall:

(a) Direct that a formal, supervisory maintenance review of all positions in the activity be conducted annually, to ensure that classifications and position descriptions are current;

(b) Direct personnel offices responsible for position classification to conduct a ten percent cyclic (annual) classification audit by means of desk audits and verification of position description accuracy; and

(c) Direct personnel offices responsible for pay administration to conduct a ten percent cyclic (annual) random audit of current employees' most recent pay actions.

(3) Provide assistance to other installations or activities in the area designed as the host for NAFI wage surveys.

(4) Authorize time off with pay to NAFI employee representatives at hearings conducted by a Local Wage Survey Committee or Board. However, absences of employees testifying as individuals shall be charged against annual leave or LWOP.

2. Compensation

a. Pay Plans - Coverage. NAFI employees shall be compensated under one of the following pay plans:

(1) Hourly Pay Plan

(a) Compensation for an employee in a recognized trade or craft, or other skilled mechanical craft, or in an unskilled, semiskilled, or skilled manual labor occupation and any other individual, including a foreman and a supervisor, in a position having trade, craft, or laboring experience and knowledge as the paramount requirement, shall be fixed and adjusted from time to time, consistent with the public interest in accordance with prevailing rates determined by a survey of wages paid by private employers to full-time employees doing comparable work in a representative number of retail, wholesale, service, and recreational establishments in the immediate locality of employment and engaged in activities similar to those of NAFIs for which the survey is made.

(b) Compensation for an employee in a NAFI clerical, administrative, fiscal, sales, and PS position shall be fixed and adjusted from time to time, consistent with the public interest, in accordance with prevailing rates determined by a survey of wages paid by private employers to full-time employees doing comparable work in a representative number of retail, wholesale, banking, insurance service, and recreational establishments in the immediate locality of employment and engaged in activities similar to those of the NAFIs for which the survey is made.

(2) Annual Salary Plan. Compensation for employees in managerial, executive, technical, or professional positions shall be on an annual basis.

* (3) Increased Minimum Rates, Special Pay Rates, and Special Schedules *

* (a) When prevailing rates for specific types of NAFI jobs are so much above the maximum rates for those jobs on the NAFI wage schedules that recruitment and retention of well qualified individuals are significantly handicapped, increased minimum rates or special rates, as appropriate, may be approved. Local activities may recommend to the Wage Fixing Authority the increased minimum or special rates to be applied to specific jobs in the local area, using the procedure contained in Appendix F to document the basis for such recommendations. To be considered for approval by the Wage Fixing Authority, recommendations for increased minimum or special rates must be documented further to show coordination with other NAFI employers in the local area. The Wage Fixing Authority shall coordinate with DoD Components at the headquarters level, before acting on recommendations for increased minimum or special rates. DoD Components may require that all recommendations for increased minimum or special rates have prior approval at the command and headquarters level, or permit such recommendations to be submitted directly to the Wage Fixing Authority. *

* 1 The Wage Fixing Authority may authorize the use of the second, third, fourth, or fifth step rate as the appointment rate for one or more grades of an occupation at one or more locations within a wage area, based on a finding that the hiring rate prevailing for the particular occupation and grade among private employers in the area is higher than the minimum for the applicable grade, and local activities in the area cannot recruit and retain qualified employees at that minimum rate. *

* 2 The Wage Fixing Authority, in exceptional cases, may authorize special rates or rate ranges within an area for specialized occupations critical to the mission of a NAF activity upon finding that serious recruitment and retention problems exist, rates authorized by the regular NAF schedule are inadequate to recruit and retain qualified employees, and increased minimum rates did not solve the problem. *

3 Within the jurisdiction of the FLSA as amended, the employee's earnings shall, when computed on an hourly basis, be at least equal to federal, state, or municipal minimum wage rate, whichever is higher, for the applicable category of employment.

(b) Existing authorized special schedules shall be continued and adjusted under current NAFI practices pending decision by the OPM or the Department of Defense on the most appropriate treatment for these special schedules. Prior approval of the DoD Wage Fixing Authority is required to establish new special schedules.

(c) For those employees who have not been converted to DoD schedules and who customarily and regularly receive more than $30 a month in tips, such tips may be credited as part of the employee's wages. In no instance, however, shall an employee's pay be reduced more than 50 percent of the applicable minimum wage when these tip credits are applied.

(d) Pursuant to the provisions of the FLSA, as amended, the cost of furnishing employees with board, lodging, or other facilities may be included in the wages paid to employees if such board, lodging, or other facilities are customarily furnished by the employing NAFI.

(e) Compensation for summer and student employment shall be in accordance with the rates-of-pay schedule issued by the Department of Defense.

(4) Pay for NAFI Employees in the Panama Canal Area *

(a) The basic principles governing pay of all NAFI employees in the Panama Canal Area are contained in the Panama Canal Act of 1979, and in * regulations promulgated by the Secretary of the Army. *

(b) Regardless of nationality, NAFI employees employed in the Panama Canal Area shall be paid at the scheduled salary or wage rate specified * for the position. *

b. Pay Determination Procedure. Instructions for conducting wage surveys and establishing wage rates and wage schedules for DoD NAFI hourly paid employees are contained in Chapter III, subsection B.2., of this Manual and FPM Supplement 532-2. These specifications include wage survey time schedules, responsibilities of participating organizations, wage area criteria, types and frequencies of surveys, analysis of survey data, and development of pay schedules.

c. Job-Grading

(1) Based on the duties and responsibilities assigned NAFI positions by competent authority, DoD Components are responsible for placing, or establishing the means for placing, each position in its proper pay category and for assigning to each position a title, code, and grade based on application of directly or closely related job-grading standards consistent with the policies stated in this Manual.

#Second Amendment (Ch 4, 4/28/83)

(2) The DoD NAF Personnel Policy Office has final authority for determining the title, series, grade, and pay category for positions in the Universal Annual, Administrative Support, or Patron Service pay categories. Unresolved issues of this nature shall be submitted to the DoD NAF Personnel Policy Office for final determination.

(3) DoD Components shall establish and administer agency NAF job-grading appeals systems.

d. Pay Administration

(1) Hourly Pay Plan

(a) In pay matters, except those dealing with grade and pay retention, the provisions of FPM Supplement 532-2, Subchapter 8, augmented by Appendix E of this Manual, shall apply to all hourly paid nonappropriated fund employees.

(b) For grade and pay retention determinations, FPM Supplement 990-2, Book 536; FPM Supplement 990-1, Chapter 53 and Title 5, Part 536; and FPM Letters and Bulletins in the 536 series contain guidelines applicable to FWS employees. There is no grade retention for AS and PS employees. Pay retention entitlement for any nonappropriated fund employee moving to or from AS or PS positions shall be determined in accordance with the following:

1 The employee shall:

a On the effective date of the change to lower grade, hold an appointment as a Regular Employee.

b Not have been changed to lower grade for personal cause, at his or her own request, or because the change to lower grade was a condition of a temporary promotion.

c Have served for 1 continuous year immediately before the change to lower grade in one or more positions under the same pay system for which the grade or rate is higher than the one to which demoted, or in one or more grades or positions for which the representative rate is greater than the representative rate of the grade to which demoted.

d Have a performance rating of satisfactory or better during the 1-year period.

2 When an eligible employee is changed to a lower grade, he or she shall retain the scheduled rate of pay immediately before the change to lower grade or 150 percent of the maximum rate of scheduled pay for the grade of the position after the change to lower grade, whichever is less.

3 An employee granted pay retention under this authority shall receive wage increases during the pay retention period. Such increases shall be granted whenever the wage schedule applicable to the position to which demoted is increased. The amount of increase shall

be equal to the amount by which the rate for the maximum step of the new grade increases. If the new rate of pay is identical with or below the top step of the grade, the employee's rate of pay shall be fixed at the step of the grade that equals or exceeds the retained pay and pay retention then ceases.

4 Pay is retained under this policy for a period of 2 years, unless it is terminated earlier by one of the following conditions:

a A break in service of 1 or more work days.

b A later change to lower grade which is effected for personal reasons at the employee's request.

c Entitlement to a scheduled rate of pay that is equal to or higher than the retained rate because of another personnel action or normal operation of the pay system.

5 When an employee receiving a retained rate is further demoted during the 2-year retention period, he or she begins a new 2-year retention period on the date of the last demotion. The retained rate during the new 2-year period continues to be based on the original retained rate, but may not exceed 150 percent of the maximum rate of his or her grade after the later demotion.

6 When an employee receiving a retained rate accepts a temporary promotion to the same or a higher grade than that from which demoted, the temporary promotion does not affect the running of the pay retention period, which shall still end 2 years after the original demotion.

7 When an employee receiving a retained rate is to be permanently promoted to the same or higher grade than that from which demoted, he or she is entitled to be paid the lowest scheduled rate of the grade to which promoted that exceeds the maximum scheduled rate for the grade of the position from which promoted by at least 4 percent or the retained rate of pay, whichever is higher. If the employee's retained rate of pay exceeds the rate range for the grade of the position to which promoted, entitlement to the retained rate of pay continues for the duration of the original 2-year period or until terminated by one of the conditions specified in subparagraph B.2.d.(1)(b)4.

8 Upon termination of the 2-year pay retention period, the employee's rate of pay shall be adjusted to the maximum scheduled rate of the new grade.

(c) The provisions of the FLSA, as amended, and as prescribed by the OPM in a series of FPM 551 letters, shall apply to all hourly paid NAFI employees in those geographical areas covered by the FLSA, as amended. The following additional guidance is provided on the application of the FLSA to AS and PS employees.

1 The following AS and PS employees are nonexempt in relation to the FLSA executive criteria:

a Nonsupervisory employees.

b Leader employees.

c Supervisory employees classified below the 7 level.

d Supervisory employees at the 7 level who perform work not directly related to their supervisory functions more than 20 percent of the time.

2 The following AS and PS employees are exempt from the coverage of the FLSA:

a Supervisory employees at the 7 level who perform supervisory and related duties 80 percent or more of the time, and who

b Perform the following supervisory functions:

i Assume responsibility for planning and accomplishing a continuing workload which meets the intent of the recognized organizational unit requirements.

ii Regularly exercise discretion and independent judgment in planning, directing, and controlling the work.

iii Are responsible for significant personnel management duties.

(2) Universal Annual (UA) Salary Plan

(a) Basic compensation for employees in managerial, executive, technical, or professional positions (as defined in Appendix B) shall be administratively fixed and adjusted from time to time as nearly as is consistent with the public interest and equal with rates of compensation for appropriated fund employees in positions of comparable difficulty and responsibility, subject to the "General Schedule (GS)" (5 U.S.C. 5332). Heads of DoD Components shall adjust the rates of pay of UA employees when the rates in the GS are changed to ensure that NAFI pay rates are equal with GS rates for comparable work. The effective dates of adjustments shall be determined by the same method used for GS adjustments.

(b) The provisions of the FLSA, as amended, and as prescribed by OPM in a series of FPM 551 letters shall apply to all NAFI UA employees in those geographical areas covered by the FLSA, as amended.

* (c) There is no grade retention for UA employees. Pay retention entitlement for any nonappropriated fund employee moving to, from, or between UA pay system positions shall be determined under the same criteria as is contained in subparagraph B.2.d.(1)(b) for AS and PS employees. Pay determination procedures for permanent promotions between UA positions shall be those specified in Appendix B, section F. *

#First Amendment (Ch 4, 4/28/83)

(3) Allowances and Differentials

(a) The allowances or differentials, or both, established by OPM for civilian employees in certain nonforeign areas, whose pay is fixed by statute, and who are otherwise eligible, apply to NAFI employees paid from the UA Schedule. Such allowances or differentials shall be paid in accordance with the provisions of FPM Chapter 591.

(b) The allowances or differentials, or both, prescribed by Standardized Regulations (Government Civilians - Foreign Areas) issued by the Department of State, as amended, and as implemented by DoD 1400.25-M shall be paid to U.S. citizen employees recruited in the United States to work in a foreign area when such employees meet the specified eligibility requirements.

(4) Severance Pay

(a) RFT and RPT NAFI employees who have completed at least 12 continuous months of service with one or more DoD NAFIs and who then are separated involuntarily from employment because of RIF, base or post deactivation or reorganization, and who are not eligible for an immediate unreduced retirement annuity, shall receive severance pay, if not precluded by subparagraph B.2.d.(4)(c), below.

1 The amount of such remuneration shall be 1 week's basic pay for each year of continuous RFT or RPT service with one or more DoD NAFIs up to 4 years of service, for a maximum of 4 weeks of pay. This pay shall be based on the number of hours regularly scheduled to be worked during a week and at the rate received immediately before separation.

2 Time served as a regular employee with a NAFI as well as time served in active duty with the U.S. Armed Forces that interrupted the civilian NAFI service, shall be creditable for computing entitlement to severance pay.

3 Periods of employment before separation resulting in severance pay shall not be considered in later severance pay entitlement calculations.

(b) As an exception to subparagraph B.2.d.(4)(a), above, heads of DoD Components are authorized, at their discretion, to establish programs providing for the grant of additional severance pay to employees for whom unlimited mobility has been made a condition of employment. Basic eligibility requirements are set forth in subparagraph B.2.d.(4)(a), above, and the amount of remuneration shall not exceed 1 year's pay at the rate received immediately before separation.

(c) Involuntarily separated employees shall not receive severance pay if they:

1 Are immediately eligible for an unreduced NAFI retirement annuity upon separation.

2 Are immediately employed in another regular NAFI position.

3 Have refused an offer of employment without loss of pay, employment category, and seniority in any NAFI in the same commuting area, or in the case of employees covered in subparagraph B.2.d.(4)(b), above, in any NAFI, regardless of commuting area.

4 Have immediately accepted employment in a continuing appropriated-fund position.

5 Are immediately employed by a contractor whose contract replaces the function or services being performed by the employees.

3. NAFI Job-Grading System. Each DoD Component shall ensure that all NAFI positions within its jurisdiction are graded in accordance with the appropriate * job-grading standards specified in paragraphs B.3.a., b., c., d., e., and f., below.

a. Noncovered Positions. Positions which are not covered by the OPM job-grading standards or by those published in DoD 1401-M-1, "Job Grading System Manual for Nonappropriated Fund Instrumentalities," may be classified by application of related standards.

b. Standards. When no standards exist, a copy of the position description and the classification rationale for the action shall be forwarded promptly to the office of DoD NAF Personnel Policy for review and post audit.

c. Crafts and Trades. The OPM has developed and issued a job-grading system for NAFI positions subject to the provisions of Pub. L. 92-392 (that is, CT Category). Details of this system are contained in subchapter S6 of FPM Supplement 532-1. Job-grading standards for these jobs are contained in FPM Supplement 512-1. Supplemental guidelines are included in DoD 1401.1-M-1.

d. Administrative Support (AS) and Patron Services (PS). The DoD has developed and issued job-grading systems for NAFI positions not subject to the provisions of Pub. L. 92-392 (that is, AS and PS). Details of these systems and job-grading standards for these categories of jobs are contained in DoD 1401.1-M-

e. Universal Annual (UA). For positions qualifying for inclusion in the UA salary plan, General Schedule Office of Personnel Management Classification Standards apply. Details on the plan, the grading of jobs and supplemental classification standards are included in DoD 1401.1-M-1.

* f. Classification of Supervisory and Managerial Positions. While size
* of the organizational unit and number of subordinates supervised may affect the
* grade of a supervisor or manager, these factors alone may not be used in deter-
* mining the grade of such supervisor or manager. In grading these positions,
* other factors shall be considered, such as kind, difficulty, and complexity of
* work supervised; degree and scope of responsibility delegated to the supervisor;
* and kind, degree, and scope of the supervision exercised. A reduction in the
* number of subordinates or size of the organizational unit supervised may not
* be used under any circumstances as the sole basis for reducing the grade of
* a supervisory or managerial position. (A more detailed explanation of this
* policy is contained in subsection A.5., Chapter 4, of DoD 1401.1-M-1.)

#First Amendment (Ch 1, 5/21/82)

4. NAFI Job-Grading Appeal

a. A NAFI employee may appeal at any time the grade, title, or series code assigned to his or her position, but not the job-grading standards established for the job nor other matters such as the accuracy of his or her job description, his or her rate of pay, or the propriety of a wage schedule rate.

b. Each DoD Component shall establish a position classification review and appeals system under the provisions of subchapter S7 of FPM Supplement 532-2 for CT jobs, and Appendix D. of this Manual for AS, PS, and UA categories of jobs.

CHAPTER IV

ATTENDANCE AND LEAVE

DEFINITIONS

1. Absence Without Leave (AWOL). Absence from duty that has not been rized or approved by the appropriate authority in accordance with the sions of this manual.

2. Accrued Annual Leave. Leave earned which is credited to an employee's nt during the current leave year.

3. Accumulated Annual Leave. Unused annual leave remaining to the credit employee at the end of any pay period.

4. Accrued Sick Leave. Leave accrued and credited to an employee's nt during the current leave year.

5. Accumulated Sick Leave. Unused sick leave remaining to the credit of mployee at the end of any pay period.

6. Break-in-Service. A separation from the rolls for a period of one or workdays of the employee's basic workweek. A period of absence for military followed by the exercise of reemployment rights, is not regarded as a -in-service for purposes of this manual.

7. Continuous Service. The total period of time from the date of appoint- until the date of separation, irrespective of pay status during such d.

8. Court Leave. The authorized absence of an employee from work status ury duty or to appear as a witness in an unofficial capacity for purposes eated in paragraph B.2.f.(1).

9. Administrative Leave. The administratively authorized absence from without loss of pay and without charge to earned leave.

10. Leave Year. The 52-week period prescribed by the Head of the Component dministration of leave.

11. Military Leave. Absence from duties without loss of pay, time, or rmance ratings for those NAFI employees who are members of Reserve com- ts of the U.S. Armed Forces, including the National Guard, on days in they are engaged in temporary active duty or inactive duty for training.

12. Leave Without Pay (LWOP). Approved temporary nonpay status and ce from duty.

13. Military Furlough. A leave of absence or separation of a regular time or regular part-time employee for induction or recall to active duty e of the U.S. Military Services.

14. Compensatory Overtime for Religious Purposes. An overtime period an employee elects to work for the purpose of taking an equal amount of time off instead of overtime pay and without charge to leave for religious observance.

B. POLICY

In order to establish uniform and equitable work schedules, hours, and working conditions essential to the health and welfare of NAFI employees and to conform to applicable executive orders and DoD issuances, the policies set forth herein will apply to all DoD Components.

1. Attendance

a. Administrative Workweek. The administrative workweek for NAFI employees will be a period of 7 consecutive calendar days. It need not coincide with the calendar week but may begin on any day and at any hour of the day.

b. Basic Workweek. Within the administrative workweek the basic workweek for NAFI employees will not exceed 40 hours, exclusive of meal times. Whenever possible 2 consecutive days off will be provided in each administrative workweek. However, the basic workweek may be scheduled over a period of 6 days provided the total scheduled hours do not exceed 40 per week.

c. Workday. The workday shall be administratively scheduled, shall not exceed 10 hours and may extend over 2 calendar days.

d. Meal Periods. Regular meal or lunch periods normally will be established at no less than 30 minutes nor in excess of 1 hour and will not be considered as time worked except that meal periods will be considered time worked for the purpose of determining entitlement to night shift differential pay. No employee will be required to work more than 6 consecutive hours without a meal period.

e. Legal Holidays

(1) Legal holidays include the 1st of January, the 3d Monday of February, the last Monday of May, the 4th day of July, the 1st Monday of September, the 2d Monday of October, the 11th day of November, the 4th Thursday of November, the 25th of December, or any other calendar day designated as a holiday by Federal statute or executive order. Heads of components will determine the administrative observance of holidays for RFT and RPT employees.

(2) When a holiday is less than a full day, proportionate credit will be given.

f. Religious Observance. An employee may elect to work compensatory overtime for the purpose of taking time off without charge to leave when personal religious belief requires that the employee abstains from working during certain periods of the workday or workweek.

(1) An employee who elects to work compensatory overtime for this :pose shall be granted, instead of overtime pay, an amount of time off from ; or her scheduled work (hour for hour) equal to the compensatory overtime :ked.

(2) An employee's election to work compensatory overtime or to :e compensatory time off to meet his or her religious obligations may be ;approved if such modifications in work schedules interfere with the efficient :omplishment of the assigned mission.

2. Leave

a. Annual Leave

(1) Leave Authorization. The appropriate authority shall authorize l schedule annual leave when the workload permits and, whenever possible, at : convenience of the employee. Such leave shall be earned by incumbents who : designated as RFT and RPT employees (including those off-duty military per- nnel classified in the latter category). The amount of annual leave earned)ends on the employee's total length of creditable service.

(2) Creditable Service. Total creditable service shall be deter- ned as follows:

(a) All prior DoD NAFI service, including service with :rent employer, as a RFT or RPT employee. TFT and TPT employees converted * RFT or RPT employees shall be given credit for present temporary service. *

(b) All active uniformed service, except for certain tired members of the uniformed services as outlined below, terminated by norable discharge under honorable conditions or by transfer to inactive serves under honorable conditions is creditable for determining the annual ave accrual rate. For an employee who is a retired member of any of the iformed services, credit is restricted to the actual active service in the ned forces during wartime or in any campaign or expedition for which a mpaign badge has been authorized. If the retired member meets one or more the following conditions, all of his or her active service is counted for ave accrual purposes:

1 The retirement was based on disability resulting)m injury or disease received in the line of duty as a direct result of ned conflict; or

2 The retirement was based on disability caused by an strumentality of war and incurred in the line of duty during a period of r (as defined in sections 101 and 301 of Title 38, United States Code); or

3 On November 30, 1964, the retired member was employed a civilian office to which the annual and sick leave law applied, and ntinues to be employed in an office of this kind without a break in service more than 30 days.

(Note: The above provisions are effective as of the published date of this transmittal. The leave accrual rate shall be adjusted as of the effective date of this transmittal. Recomputation of leave for employment periods before the effective implementation date is not authorized.)

(c) Fractional parts of months shall be included in determining length of service. However, the total length of service shall be stated in terms of complete months.

(d) Credit for Military Training. Civilian employees of NAFIs who are called to active duty for short periods of time (not to exceed 6 weeks) with Reserve components of the U.S. Armed Forces shall continue to accrue annual leave credit during such periods. Nonduty time while in Reserve components is not creditable.

(3) Exemptions. No employee who is currently in a leave category as a result of more liberal provisions of the separate DoD Components prior to the date of this manual shall be penalized by being placed in a lower category for leave accrual or accumulation purposes.

* (4) Eligibility Time Period. An RFT or RPT employee must have
* served under the regular appointment for a continuous period of 90 calendar
* days before leave can be credited to the employees's account, although leave
* does accrue during the 90-day period. If the employee separates before com-
* pleting 90 days, no leave credit for this period of employment shall be granted
* or paid for. Only one 90-day qualifying period may be required during a period
* of continuous service.

(5) Annual Leave Accrual. Annual leave shall be accrued by RFT and RPT employees while in a pay status, excluding overtime hours worked in excess of 40 hours during the basic workweek. Employees receiving benefits under the Longshoremen's and Harbor Worker's Compensation Act and carried on the rolls of the employing NAFI in a leave-without-pay status do not accrue annual leave.

(a) Employees with less than 3 years of service shall accrue 5 percent of the total hours in the basic workweek.

(b) Employees with 3 years but less than 15 years of service shall accrue 7.5 percent of the total hours in the basic workweek, except for the final biweekly period of the leave year when leave shall accrue at the rate of 12.5 percent of the total hours in the basic workweek.

(c) Employees with more than 15 years of service shall accrue 10 percent of the total hours in the basic workweek.

(6) Time of Crediting. The accrued leave is credited to the employees's individual leave record upon completion of the 90-calendar-day qualifying period; thereafter, at the end of the period in which it is earned.

(7) Changes in Rates of Accrual

(a) Changes in the rates of accrual are effective at the beginning of the first pay period following the completion of the prescribed service.

(b) When a change from a 7.5 percent to a 10 percent leave category occurs at the beginning of the last full biweekly pay period in the calendar year, the employee's leave credit for that period shall be computed at 12.5 percent of hours in a pay status.

(8) Commission or Incentive-Paid Employees. Commission or incentive-paid employees are covered by the same annual leave policy which applies to RFT and RPT employees. However, the computation of the annual leave pay to such employees shall be on the basis of hourly pay rate equivalents derived from the application of classification standards to the job. The employee's wage rate step of the currently authorized wage schedule for the appropriate job grade shall be used in determining the base rate for computing the earned annual pay.

(9) Accumulation of Annual Leave. The maximum amount of accumulated annual leave that may be carried over from one leave year to the next shall be 240 hours, except in the following instances:

(a) Those employees who were directly recruited or transferred by a NAFI from the United States or its territories or possessions, including the Commonwealth of Puerto Rico, for employment outside the area of recruitment or from which transferred and whose condition of employment provide for their return transportation to the United States or its territories or possessions, may accumulate 360 hours.

(b) On a case-by-case basis and on approval by the Head of the DoD Component, or designee, if the following condition is met: The employee has requested annual leave early in the leave year for use during the last 60 days of the leave year; the request has been tentatively approved by management; and circumstances beyond the control of management and/or the employee precludes its use prior to the end of the leave year.

(10) Payment for Accumulated Leave. Upon separation from a NAFI, an employee who has completed 90 days as a regular employee shall be paid for the accumulated annual leave credited to the employee's account. Upon transfer of a RFT or RPT employee to another NAFI within the Department of Defense, the employee shall be paid for the accumulated leave. If the transferred employee elects and the gaining and losing NAFIs agree, the losing NAFI may transfer the annual leave credit, together with the money to cover its cost, to the gaining NAFI.

b. Sick Leave

(1) Eligibility. Sick leave shall be credited to incumbents who are designated as RFT or RPT employees (including those off-duty military personnel classified in this latter category). There is no qualifying period for the crediting of sick leave.

(2) Granting Sick Leave. All RFT and RPT employees who have sick leave to their credit may be granted such leave in accordance with the following provisions:

(a) Employee is to receive medical, dental, or optical examination or treatment;

(b) Employee is incapacitated for the performance of duty by sickness, injury, or pregnancy and confinement; or

(c) Employee's presence would jeopardize the health of others at the post of duty because of exposure to a contagious disease normally subject to isolation or quarantine by appropriate health authority.

(3) Sick Leave Credit Accruals

(a) Sick leave credits shall accrue at the rate of 5 percent of the total basic workweek hours in a pay status and shall be credited from the date of appointment to RFT or RPT status.

(b) Sick leave credits including those accrued while on annual or sick leave, are credited to the employee's account at the end of the pay period in which accrued.

(4) Commission or Incentive-Paid Employees. Commission or incentive-paid employees are covered by the same sick leave policy which applies to RFT and RPT employees. However, the computation of the sick leave benefits to such employees shall be on the basis of hourly pay rate equivalents derived from the application of classification standards to the job. The employee's wage rate step of the currently authorized wage schedule for the appropriate job grade shall be used in determining the base rate for computing the sick leave benefits.

(5) Accumulation of Sick Leave. There is no limit on the amount of sick leave that employees may accumulate and carry forward from one year to another. No payment for unused sick leave shall be made to an employee under any circumstances.

(6) Sick Leave Credits. Sick leave credits shall be transferred between NAFIs provided the individual is placed in a pay status in the gaining NAFI within 90 calendar days of removal from pay status in the losing NAFI and provided the individual was not retired from the losing NAFI and received service credit for unused sick leave in accordance with subsection A.1. of Appendix C.

(7) On-the-Job Injury. An employee covered by workers' compensation insurance (5 U.S.C. 8171) shall be granted sick leave payments from the employee's accumulated sick leave balance in an amount which, when added to workers' compensation benefits, approximates but does not exceed the employee's basic salary.

c. Excused Absence. Heads of DoD Components or their designees may authorize time off with pay to any NAFI employee for blood donations (for

which the employee is not paid); for voting in federal, state, county and municipal government elections; or for brief periods of absence or tardiness due to circumstances which are beyond the employee's control.

d. Absence for Maternity or Paternity Reasons

(1) Leave for Maternity Reasons. RFT and RPT employees may request sick leave, annual leave, and/or leave without pay when incapacitation related to pregnancy and confinement has been properly established by medical authority. An absence covering pregnancy and confinement shall be treated as any other medically certified temporary incapacitation.

(2) Leave for Paternity Reasons. RFT and RPT male employees may request annual leave and/or leave without pay for purposes of assisting or caring for their children or the mother of the newborn child while she is incapacitated, as established by medical authority, for maternity reasons.

(3) Heads of DoD Components shall apply the same leave policies, regulations, and procedures in cases of requests for maternity or paternity absences as are applicable to requests for leave generally.

e. Military Leave

(1) RFT civilian employees who are members of reserve components of the Armed Forces of the United States, including the National Guard, are entitled to excused absence up to a maximum of 15 days per fiscal year without loss of pay, time, or performance rating when called to active duty or active duty for training. Any part of this excused absence that is not used in any given fiscal year accumulates for use in succeeding fiscal years not to exceed a 15-day maximum carryover. Therefore, an eligible employee could have a maximum total of 30 days to this credit for use during a fiscal year. *

(2) In the case of RPT civilian employees, the rate at which leave accrues shall be a percentage of the rate prescribed under subparagraph (1), above. The percentage shall be determined by dividing the number of hours in the RPT employee's regular scheduled workweek by the total number of hours that constitutes the normal full-time workweek of the employing NAFI. *

(3) RFT and RPT civilian employees who are called to active duty for the purpose of providing military aid to enforce the law may be granted additional military leave not to exceed 22 workdays in a calendar year. These employees shall be granted leave upon presentation of competent orders. Compensation (other than a travel, transportation, or per diem allowance) received by an employee for such military services shall be credited against the pay payable to an employee with respect to his or her NAFI position for such period of military service. Military leave is to be granted only for workdays; the NAFI civilian pay of the employee shall be reduced only by the amount received for military service performed on a workday. The NAFI civilian pay shall not be reduced by any amount an individual may receive for days that are not workdays.

(4) Leave without pay may be granted employees for the following other types of military service:

(a) Summer training as members of Reserve Officers Training Corps;

(b) Temporary Coast Guard Reserve duty;

(c) Participation in parades by members of the State National Guard. (However, members of the National Guard in the District of Columbia are entitled to military leave with pay for participation in parades.);

(d) Training with a state Guard or other state military organization; or

(e) Civil Air Patrol duty.

f. Court Leave

(1) Upon advance submission of a court order, subpoena, summons, or any other judicial notification, employees shall be granted paid court leave for jury duty; to appear in court in an unofficial capacity as a witness on behalf of the U.S. Government or the Government of the District of Columbia; and to appear in court in an unofficial capacity as a witness on behalf of private parties where the United States, the District of Columbia, or a state or local government is a party to the proceedings. The court may be a federal, District of Columbia, state, or local governmental-unit court. This provision does not apply to an employee appearing as a witness in a judicial proceeding which involves only private parties.

(2) RFT and RPT employees on court leave shall receive their regular pay for such time off or shall retain the court fees received from the court, whichever is the greater amount. If the court fees are the lesser amount, such fees, exclusive of transportation where separately identified or otherwise identifiable, shall be turned over to the employing NAFI.

g. Leave Without Pay. Leave without pay may be granted an employee who is receiving benefits under the Longshoremen's and Harbor Worker's Compensation Act (Chapter IV, subparagraphs B.2.a.(5) and B.2.b.(7)) and a regular full-time or regular part-time employee for military service (Chapter IV, paragraph B.2.e.). Upon request, such leave may be granted instead of annual or sick leave. Such leave shall not be granted for a period exceeding 1 year except for military service and other circumstances considered appropriate by the Head of the DoD Component or designee.

h. Military Furlough. Military furlough shall be granted to a RFT or RPT employee for induction or recall to active duty in one of the U.S. Military Services. An employee returned to duty from military furlough shall have the same seniority, status, pay, and annual leave accrual entitlements which that employee would have enjoyed had he or she remained at work instead of being placed on furlough.

CHAPTER V

PERSONNEL RELATIONS AND SERVICES

A. EMPLOYEE-MANAGEMENT RELATIONS POLICY

In conformance with the provisions of E. O. 11491, as amended, and DoD Directives 1426.1 and 1400.5, Heads of DoD Components in their management of NAFI personnel shall recognize and strive toward the establishment of orderly and constructive relationships between managerial and nonmanagerial personnel. Continued and unimpeded communications are vital factors to an informed and productive work force. These extend to a thorough understanding of conditions of employment, job requirements, employee rights, privileges, and responsibilities of both management and employees.

1. Standards of Conduct. The nature of many of the activities supported by nonappropriated funds administered by DoD Components is such that the civilian employees and assigned military personnel shall exemplify the highest standards of personal conduct and integrity. The provisions of DoD Directive 5500.7 are applicable to NAFIs employees. Heads of DoD Components shall ensure that their NAFI employees are fully acquainted with all aspects of the government's standards for ethical conduct.

2. Loyalty. Heads of DoD Components shall ensure that no person will be employed or will be continued in employment of a NAFI who:

a. Advocates the overthrow of the U.S. Government;

b. Is a member of an organization that advocates the overthrow of the U.S. Government;

c. Participates in any strike against the government, including all instrumentalities of the government.

3. Political Activity

a. The principles of 5 U.S.C. 7324 relating to political activity of government employees are hereby administratively extended to NAFI employees to the extent that no employee shall:

(1) Use official authority or influence for the purpose of interfering with an election or affecting its results;

(2) Take any active part in partisan political campaign.

b. NAFI employees retain the right to vote as they choose; express their opinions on all political subjects and candidates; and participate in nonpartisan political activity. Also, an employee may hold state, territorial and local office if it does not conflict with duties, laws, or executive orders. No inquiries shall be made concerning the political affiliation of an employee or applicant for employment, and any disclosures of political affiliation shall not be considered in the employment process of the employee or applicant for employment.

c. Determinations as to violations of the above policy will be made by the Head of the DoD Component in which such violations are alleged to have occurred.

4. Employee Grievances

a. NAFI employees will have the right to present their complaints and grievances to management officials for prompt and equitable consideration. An employee may exercise this right in his or her own behalf or through a representative of the employee's own choosing. In so doing, the employee and the employee's representative if one is chosen will be unimpeded and free from restraint, coercion, discrimination, or reprisal. A complaint or grievance filed by an employee will not be, in itself, construed as reflecting unfavorably on the employee's good standing or on the employee's loyalty and desirability to the organization. Similarly, occasional complaints or grievances will not be construed as reflecting unfavorably on the quality of supervision or on the general management of the activity. When an employee files a grievance in writing, a complete written record will be made to include the complaint, investigation, hearing (if any), findings of fact, and the subsequent decision.

b. A grievance is an employee's expressed feeling of dissatisfaction usually dealing with working conditions, job assignments, and the interpretations or applications of established policies and procedures. The procedures established by Heads of DoD Components for handling grievances filed by NAFI employees should provide, as a minimum, the right of an employee to:

(1) Present complaints orally and in writing;

(2) Be represented by a person of his or her own choosing, provided that the person chosen is willing to represent the employee and is free to do so. The representative, however, cannot serve in that capacity if there are priority needs of the local NAFI, unreasonable costs to the NAFI, conflict of position, or conflict of interest.

(3) An investigation or a hearing when, at any stage in the investigation, it is determined by the Head of the DoD Component or designee that a hearing is necessary to develop all of the facts necessary to resolve the grievance properly.

(4) Be assured that the employee and the representative chosen will be unimpeded and free from restraint, coercion, discrimination or reprisal;

(5) A prompt and equitable decision by the official in authority whose acts or failure to act gave rise to the grievance; and

(6) A review of the decision by an official at an appropriate command level.

c. Where a labor organization has exclusive recognition, any * negotiated grievance procedure shall be governed by the provisions of 5 USC * 7101 et seq., as implemented by DoD Directive 1426.1 and DoD 1400.25-M.

5. Adverse Actions and Administrative Appeals

a. Adverse Actions

(1) An adverse action is a personnel action involving a RFT or RPT employee who completed a probationary period that reduced the employee's basic pay or grade; placed the employee in a nonpay, nonduty status; or separated the employee from NAFI employment. Adverse actions include both disciplinary and nondisciplinary type actions.

(2) Adverse actions do not include:

(a) Actions taken as the result of termination of temporary promotion;

(b) A termination or change to lower grade or pay when voluntarily initiated by the employee;

(c) Application of a revised prevailing rate schedule when there is no change to the position;

(d) A furlough, separation, or change to lower grade, pay, or employment category taken through reduction-in-force procedures;

(e) A temporary or continuing reduction in the number of basic workweek hours within the same employment category; and

(f) A temporary reduction (no more than 14 consecutive days) in the number of basic workweek hours in one employment category to a number of hours included in another employment category.

(g) Actions taken as a result of an employee abandoning his or her position.

(3) Disciplinary actions which constitute adverse actions include:

(a) Suspension without pay for more than 14 days;

(b) Involuntary termination or removal for cause; and

(c) Involuntary demotion to another position with a lower representative rate of pay when taken for disciplinary reasons.

(4) Nondisciplinary actions which may be considered adverse actions include:

(a) Furlough, an action (not effected by use of RIF procedures) that places an employee in a leave without pay status for more than 14 calendar days because of a lack of work, insufficient funds, or emergency situations; and

(b) Involuntary demotion to another position with a lower representative rate of pay that is based on reclassification of a position due

to correction of a classification error, application of new classification standards, or a final decision on a tentatively classified position.

b. Adverse Action Procedures. Heads of DoD Components shall issue regulations and procedures for processing adverse actions to include:

(1) An advance notice of proposed adverse action of at least 30 days, specifically outlining in writing, the reason(s) or charge(s) upon which the action is being taken. As an exception to the advance proposed action, a notice to the employee at least 24 hours in advance of the action is authorized when:

(a) There is a significant reduction in the business of a NAFI and a reduction in the basic workweek of RFT or RPT employees is required for more than two consecutive basic workweeks (14 calendar days) because of a sudden mission change at the base or installation (such as, a sudden deployment of personnel to another location); or

(b) Due to unforeseeable circumstances, such as a sudden breakdown in equipment, or an emergency situation requiring immediate curtailment of activities, it is necessary to furlough employees for more than 2 basic workweeks (14 calendar days).

(c) Due to unforeseeable circumstances, such as an act of war, causing a permanent discontinuance of the work to be performed, it is necessary to separate employees; or

(d) It is considered necessary to suspend an employee for more than 14 calendar days during an advance notice period proposing the employee's separation and when:

1 Retention might result in damage to or loss of property or funds; or

2 Retention might be detrimental to the interests of the Government; or

3 Retention might be injurious to the employee, other workers, or the general public; or

4 There are justifiable reasons to believe that the employee is guilty of a crime for which a prison sentence may be imposed.

(2) A reasonable time for the employee to reply, orally and in writing, to the proposed adverse action notice;

(3) A prompt and equitable decision in writing, after full consideration of the employee's reply;

(4) An opportunity for the employee, within 15 calendar days after the effective date of the adverse action, to request a review and hearing;

(5) An option for management to place an employee in a pay and nonwork status during the notice period without charge to annual leave or sick leave; and

(6) An option for an employee to request and be placed on annual leave (or continued in a sick leave status) during the time or a portion of the time, the employee shall be in a furlough status.

c. Adverse Action Administrative Appeals. Heads of DoD Components shall issue regulations and procedures to include:

(1) A system for handling an employee appeal to a disciplinary adverse action decision that provides for:

(a) A hearing, if the employee requests, to ascertain and consider the facts upon which the adverse action was taken, and consider the reasons why the employee believes the decision should be reversed;

(b) An opportunity for the employee to submit evidence and the testimony of witnesses, cross-examine witnesses, and present appropriate affidavits and depositions;

(c) The right of the employee to be represented by a person of his or her own choosing, provided that the person chosen is willing to represent the employee and is free to do so. The representative, however, cannot serve in that capacity if there are priority needs of the local NAFI, unreasonable costs to the local NAFI, conflict of position, or conflict of interest. The conflict of position and conflict of interest disqualifications do not preclude representation by DoD civilian or military personnel whose positions and duties are unrelated to the person to be represented or the particular facts involved;

(d) The development of a comprehensive record of the hearing, including a recommendation that the appeal be sustained, denied, or that some other appropriate action be taken;

(e) Appellate review and a decision based upon an evaluation of the complete record, including substantive and procedural sufficiency by an official who is at a level in the chain of command, separate and distinct from that at which the adverse action decision was made;

(f) The right to elect or to resort to arbitration as a means for obtaining relief from an adverse action where the appeals system, as a result of negotiated labor-management agreement, so provides; and

(g) The potential to be "made whole" financially for pay and restoration to duty including full employment rights and benefits.

(2) A system for handling an appeal to a nondisciplinary adverse action decision that provides for:

(a) A review and decision on classification determinations in accordance with DoD Component regulations and procedures established as required by Chapter III, subsection B.4.

(b) A review and decision on a complaint of alleged discrimination because of race, color, religion, sex, age, or national origin in accordance with Component regulations and procedures established as required by Chapter II, paragraph A.2.b.

(c) A review of procedural issues that:

1 Considers the reasons why the employee believes the decision should be reversed;

2 Permits the employee to fully present his or her position including the submission of evidence, affidavits, and depositions.

3 Allows the employee to be represented by a person of his or her own choosing, provided that person is willing to represent the employee and is free to do so. The representative, however, cannot serve in that capacity if there are priority needs of the local NAFI, unreasonable costs to the local NAFI, conflict of position or conflict of interest. The conflict of position and conflict of interest disqualifications do not preclude representation by DoD civilian or military personnel whose positions and duties are unrelated to the person to be represented or the particular facts involved;

4 Requires the development of a comprehensive record of the procedural review, including a recommendation that the action be sustained or corrected;

5 Provides for a decision, based upon an evaluation of the complete record, by an official at a level above the person who made the decision to take the adverse action;

* Note: Nondisciplinary adverse action decision letters must spell out clearly *
* the employee's right of further appeal to either DoD NAF Personnel Policy *
* Office or the U.S. Office of Personnel Management on the position classifica- *
* tion or job-grading portion of the appeal, if any. Additionally, the letter *
* must advise the employee that the right to further appeal relates only to the *
* classification or job-grading issue and no other matters will be considered *
* by the DoD NAF Personnel Policy Office or the Office of Personnel Management. *
* The nondisciplinary adverse action appeal decision letter shall spell out the *
* time limits within which a second-level classification appeal must be filed *
* with the DoD NAF Personnel Policy Office to preserve the employee's appeal *
* right and entitlement to retroactive corrective action (see Appendix D for *
* details). The appeal decision letter shall advise the employee where he or *
* she may obtain information on how to pursue a further appeal. *

6 Provides for the right to elect or to resort to arbitration as a means for obtaining relief from an adverse action where the appeals system, as a result of negotiated labor-managment agreement, so provides; and

7 Provides for the potential to be "made whole" financially for pay and restoration to duty including full employment rights and benefits.

6. Standard of Review in Making Adverse Action Appeal Decisions

a. Decision of Component will be sustained only if:

(1) An action based on unacceptable performance is supported by substantial evidence;

(2) In any other case, is supported by overriding evidence.

b. Component's decision may not be sustained if the employee or applicant:

(1) Shows harmful error in the application of procedures in arriving at such decision;

(2) Shows that the decision was based on any prohibited personnel practice; or

(3) Shows that the decision was not in accordance with law.

7. Counseling. A well-informed work force is a productive work force. Therefore, Heads of DoD Components shall:

a. Inform employees of plans and policies affecting them and their work.

b. Encourage employees to express themselves concerning improvement of working conditions which affect their performance.

c. Assure that NAFI administrators and supervisors counsel their employees on matters relating to skills, attitudes, and work habits. This counseling should extend to self-development and promotion opportunities, as well as means of improving efficiency, job performance, and conduct on and off the job.

8. Discipline

a. Heads of DoD Components shall instruct administrators of their NAFI activities that in the exercise of their leadership responsibilities, the maintenance of discipline and morale among their employees is essential to the efficiency of the work force. The objectives of disciplinary action are to motivate employees to achieve desired objectives, promote effective employee utilization, maintain discipline and morale among employees, and promote efficiency. Where disciplinary action is necessary it will be administered promptly, reasonably, and without discrimination. Penalties imposed shall be the minimum considered necessary for corrective purposes. The principle of "like penalties for like offenses" shall be followed.

b. Disciplinary actions may include verbal warnings, written reprimands, suspensions, downgrades, and removal.

9. Terminations

a. A RFT or RPT employee, who has completed his or her probationary period, will not be terminated for unsatisfactory work performance unless the employee has been previously warned in writing of shortcomings and given an adequate period of time to take corrective measures.

b. A RFT or RPT employee, who has completed his or her probationary period, will not be terminated for disciplinary reasons unless he or she has

been advised in writing of the offense with which charged, informed of the potential penalty, and allowed an opportunity to reply in writing to the charge.

c. Termination is an action which involves absolute separation. Thus, it covers all separations, except military separations, and military furloughs of employees who are guaranteed restoration rights by law.

d. Terminations may be self-induced or externally induced.

(1) Self-induced terminations include:

(a) Resignation, including the situation when an employee, after a period of military furlough, does not seek employment;

(b) Failure to qualify during the initial probationary period;

(c) Disciplinary action;

(d) Unsatisfactory work performance;

(e) Information concerning or conduct of the employee which renders his or her continued employment to be clearly inconsistent with the interest of national security; and

(f) Abandonment of position.

(2) Externally induced terminations include:

(a) Disestablishment of the NAFI;

(b) Reduction of complement;

(c) Reorganization which eliminates the employee's job and no other suitable or comparable job is available;

(d) End of temporary appointment;

(e) Disability extending beyond sick leave allowance;

(f) Retirement due to age;

(g) Death; and

(h) Other valid reasons, such as conflict of interest, which cannot be resolved except by termination without prejudice.

e. An employee who plans to resign is expected to give at least 2 weeks advance notice.

f. Prior to separation, an exit interview will be conducted, if feasible, by the official or designee authorized to effect the separations.

g. Each employee separated shall be referred to the nearest local state employment security agency where he or she may seek advice and assistance.

10. Incentive Awards and Recognition Programs. Recognizing that NAFI employees at all levels share responsibility for the efficient and economical operation of the activity in which they are employed, incentive awards programs shall be established to the extent feasible, and within resources available, for the purpose of improving these operations and recognizing deserving employees.

11. Reduction in Force. Heads of DoD Components shall develop and implement procedures for their respective organizations which shall provide for the orderly reduction of the work force of NAFIs with a minimum of disruption to operations. These procedures shall include:

a. A system of retention for RFT and RPT employees, who have completed their probationary period, in consideration of employee fitness, performance, and length of DoD NAFI service.

b. An advance notice of at least 30 days prior to effecting an action taken through RIF procedures.

c. Provisions for keeping an employee who is scheduled to be separated through RIF procedures in a work or pay status during the notice period as long as work is available or funds permit. (If work is not available or there is a lack of funds, the employee must be retained in a work or pay status for at least 10 workdays.)

d. Job-related elements in a retention point credit plan that are in keeping with DoD policies of fair employment practices.

e. A system that makes maximum use of reassignment, transfer, and normal attrition to effect the necessary work force adjustments.

f. Priority consideration of qualified and available surplus regular NAFI employees for placement in NAFI vacancies in the local commuting area, prior to recruitment from any other source, with precedence given to the placement of such employees within the same DoD Component.

g. The identification of private employment opportunities in which surplus employees may receive employment consideration. (This may be accomplished through local state employment security agencies and by direct contact with private employers in the area.)

h. When there is a conversion to contract performance, the provision of the Office of Management and Budget Circular No. A-76 (revised), #10.a.(5)(b), March 29, 1979, shall apply, that is, the contractor shall give NAFI employees, displaced as a result of the conversion to contract performance, the right of first refusal for employment openings on the contract in positions for which they are qualified. *

i. An opportunity for an employee to request a precedural review on the action taken by use of RIF procedures within 15 days from the effective date of the action. *

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been advised in writing of the offense with which charged, informed of the potential penalty, and allowed an opportunity to reply in writing to the charge.

c. Termination is an action which involves absolute separation. Thus, it covers all separations, except military separations, and military furloughs of employees who are guaranteed restoration rights by law.

d. Terminations may be self-induced or externally induced.

(1) Self-induced terminations include:

(a) Resignation, including the situation when an employee, after a period of military furlough, does not seek employment;

(b) Failure to qualify during the initial probationary period;

(c) Disciplinary action;

(d) Unsatisfactory work performance;

(e) Information concerning or conduct of the employee which renders his or her continued employment to be clearly inconsistent with the interest of national security; and

(f) Abandonment of position.

(2) Externally induced terminations include:

(a) Disestablishment of the NAFI;

(b) Reduction of complement;

(c) Reorganization which eliminates the employee's job and no other suitable or comparable job is available;

(d) End of temporary appointment;

(e) Disability extending beyond sick leave allowance;

(f) Retirement due to age;

(g) Death; and

(h) Other valid reasons, such as conflict of interest, which cannot be resolved except by termination without prejudice.

e. An employee who plans to resign is expected to give at least 2 weeks advance notice.

f. Prior to separation, an exit interview will be conducted, if feasible, by the official or designee authorized to effect the separations.

g. Each employee separated shall be referred to the nearest local state employment security agency where he or she may seek advice and assistance.

10. Incentive Awards and Recognition Programs. Recognizing that NAFI employees at all levels share responsibility for the efficient and economical operation of the activity in which they are employed, incentive awards programs shall be established to the extent feasible, and within resources available, for the purpose of improving these operations and recognizing deserving employees.

11. Reduction in Force. Heads of DoD Components shall develop and implement procedures for their respective organizations which shall provide for the orderly reduction of the work force of NAFIs with a minimum of disruption to operations. These procedures shall include:

a. A system of retention for RFT and RPT employees, who have completed their probationary period, in consideration of employee fitness, performance, and length of DoD NAFI service.

b. An advance notice of at least 30 days prior to effecting an action taken through RIF procedures.

c. Provisions for keeping an employee who is scheduled to be separated through RIF procedures in a work or pay status during the notice period as long as work is available or funds permit. (If work is not available or there is a lack of funds, the employee must be retained in a work or pay status for at least 10 workdays.)

d. Job-related elements in a retention point credit plan that are in keeping with DoD policies of fair employment practices.

e. A system that makes maximum use of reassignment, transfer, and normal attrition to effect the necessary work force adjustments.

f. Priority consideration of qualified and available surplus regular NAFI employees for placement in NAFI vacancies in the local commuting area, prior to recruitment from any other source, with precedence given to the placement of such employees within the same DoD Component.

g. The identification of private employment opportunities in which surplus employees may receive employment consideration. (This may be accomplished through local state employment security agencies and by direct contact with private employers in the area.)

* h. When there is a conversion to contract performance, the provision
* of the Office of Management and Budget Circular No. A-76 (revised), #10.a.(5)(b),
* March 29, 1979, shall apply, that is, the contractor shall give NAFI employees,
* displaced as a result of the conversion to contract performance, the right of
* first refusal for employment openings on the contract in positions for which
* they are qualified.

* i. An opportunity for an employee to request a precedural review on the action taken by use of RIF procedures within 15 days from the effective date of the action.

#First Amendment (Ch 3, 2/16/83)

* j. A review and decision on the employee's procedural review request that:

(1) Considers any reasons the employee believes to be incorrect;

(2) Permits the employee to submit evidence, affidavits, and depositions;

(3) Allows the employee to be represented by a person of his or her own choosing, provided that the person chosen is willing to represent the employee and is free to do so. The representative, however, cannot serve in that capacity if there are priority needs of the local NAFI, unreasonable cost to the local NAFI, conflict of position, or conflict of interest. The conflict of position and conflict of interest disqualifications do not preclude representation by DoD civilian or military personnel whose positions and duties are unrelated to the person to be represented or the particular facts involved.

(4) Requires the development of a comprehensive record of the procedural review, including a recommendation that the action be sustained or corrected;

(5) Provides for a decision based on an evaluation of the complete record by the person having the delegated authority to effect personnel actions or a person designated to act for the person having the delegated authority;

(6) Provides for the potential to be "made whole" financially for pay and restoration to duty including full employment rights and benefits.

12. Safety and Health. The administrators of NAFI personnel shall create and maintain a safe and healthful environment for their employees and for the users of facilities managed for the morale, welfare, and contentment of military personnel, their dependents, and authorized civilians. All safety and health regulations shall be strictly adhered to by NAFI employees. Where safety technicians are not available within the installation, outside consultants shall be used.

13. Drug and Alcohol Abuse. Heads of Components shall ensure that drug and alcohol abuse control programs are available to NAFI employees in accordance with the provisions of DoD Directive 1010.4.

B. LABOR-MANAGEMENT RELATIONS POLICY

* The Federal Service Labor-Management Relations Statute, 5 USC 7101 et seq., is implemented within the Department of Defense by DoD Directive 1426.1 and DoD 1400.25-M. The statute, as implemented by these DoD issuances applies to nonappropriated fund instrumentalities (see 5 USC 7103 (a)(2) and (3) and DoD 1400.25-M, Chapter 711). Therefore, Heads of DoD Components and agencies are responsible for ensuring that employees are apprised of their rights and that no interference, restraint, coercion or discrimination is practiced by NAFI management to encourage or discourage membership in any labor organization.

C. PERSONAL SERVICES POLICY

In the area of personal services NAFI employees shall receive treatment equal to that afforded civilian employees paid from appropriated funds. The specific policies which shall govern the majority of these personal services are contained in the subsections which follow.

1. Medical and Health Service

a. The health of NAFI employees is directly related to the efficient performance of their duties and, as such, is an important element in a progressive personnel management system. Heads of DoD Components shall provide use of existing medical facilities and services for their NAFI employees for the following authorized health services:

(1) Emergency diagnosis and first aid treatment of injury or illness that becomes necessary during working hours;

(2) Preemployment examination of persons for such positions as food handlers, barbers, beauticians, and children's nursery attendants;

(3) Inservice medical examinations as might be required by the position;

(4) Provision of treatment to employees as requested by competent medical authority;

(5) Preventive services including:

(a) Preventing and controlling health risks;

(b) Health education programs; and

(c) Specific disease screening, examination, and immunizations.

(6) Referrals to private physicians or dentists based on preventive services' findings.

b. In cases where the necessary first aid treatment is outside the competence of the medical staff or facilities, conveyance of the employee to the nearest suitable medical facility may be provided.

2. Entitlement to Government Quarters and Facilities

a. The entitlement of 5 U.S.C. 5911, as well as any other regulations prescribed by the President and deemed to be necessary and appropriate to carry out the provisions of this section, are hereby administratively extended to NAFI civilain personnel. The Heads of DoD Components shall prescribe the regulations necessary to carry out the provisions of this section.

b. Except in isolated situations where the only suitable quarters and facilities available are Government-owned, NAFI employees will be expected to

secure them from the private sector. Also, exceptions may be made when, in the judgment of the commander, the mission of the installation will be better accomplished by having certain key administrative NAFI personnel quartered on the installation.

c. The occupation of Government quarters on a temporary basis by NAFI employees while traveling on official business is authorized.

3. Privileges. The privileges afforded NAFI employees shall be consistent with those available to OPM personnel. In addition, the personal use of the facilities of the NAFI in which an individual is employed may be authorized by local commanders when the use by regular eligible patrons is not diminished.

CHAPTER VI

RETIREMENT AND INSURANCE

A. GENERAL POLICY

1. Heads of DoD Components shall assure that their eligible NAFI employees are afforded the opportunity to participate in retirement and insurance programs meeting requirements established in this chapter. These retirement and insurance requirements are designed to serve as minimum acceptable program levels and to help recognize the needs of NAFI employees and of the employing NAFIs, thus ensuring that the financial integrity of these instrumentalities, their Federal status, and the public interest are given due consideration.

2. No new retirement or insurance plans or changes to existing plans will exceed the benefits authorized by the Congress for OPM employees with similar lengths of service. Retirement or insurance plans that were in effect on January 1, 1976, and that exceeded the benefits authorized by the Congress for such employees may continue with those benefits. Any and all restrictions on benefits applicable to OPM employees will apply automatically to NAFI retirement and insurance plans initiated after the effective date of this chapter, notwithstanding any other provisions of this chapter.

B. APPLICATION

Unless otherwise required by Federal statute or specific provision in this chapter, the programs described herein apply to RFT employees of NAFIs who are U.S. citizens, U.S. nationals, or permanent resident aliens of the United States employed in the United States.

C. SPECIFIC POLICIES

A supplement to the specific policies cited herein is contained in appendix C. This supplement amplifies the policies and outlines procedures for their implementation.

1. Funding Principles and Fund Reviews

a. Funding. A high degree of fiscal responsibility is essential in order to provide the retirement and insurance programs specified here. Accordingly, Heads of DoD Components shall ensure that all such programs are funded in accordance with sound, actuarial and insurance principles which will assure adequate protection of the interests of participants and beneficiaries.

(1) No appropriated funds will be requested or expended in connection with life insurance, medical, retirement, or survivor benefits established or authorized by this manual. Appropriated funds replenishment or subsidy of nonappropriated funds applied to these purposes is similarly prohibited.

(2) Any contracts, formal agreements, and similar documents used in transactions with insurance carriers, financial or other organizations, unions, or other employee organizations will contain a clear disclaimer relieving appropriated funds of the U.S. Government from any and all expressed or implied financial liability in connection with the retirement and insurance programs.

b. Fund Reviews. The Head of each DoD Component shall ensure that each fund maintained in support of a retirement program is regularly reviewed by one or more qualified actuaries. Pub.L. 95-595 establishes uniform annual reporting requirements for Federal Government pension plans, including DoD NAFI retirement plans. Heads of DoD Components shall ensure that administrators of NAFI retirement plans comply with the form, manner, and time of filing as required by the OMB and the Department of the Treasury. Basically, compliance requires that various financial and actuarial statements be provided the OMB and Congress on an annual basis not later than 210 days after the last day of the plan year. Information copies of the reports will be forwarded and questions directed to the DoD NAF Personnel Policy office.

2. Social Security. In accordance with 42 U.S.C. 410, Social Security, NAFI employees (including off-duty military enlisted employees) are provided Social Security coverage.

3. Retirement

a. Retirement Coverage. Heads of DoD Components shall provide retirement coverage which will be considered together with the benefits provided by the Federal Old Age Survivors and Disability Insurance Benefits, 42 U.S.C. 401 et seq.

b. Voluntary Participation. Employee participation in a retirement program will be voluntary unless it is a condition of employment.

c. Credited Service. Credited NAFI employee service for retirement will include all NAFI service for which employee contributions, deposits, or redeposits were made.

(1) Where the Head of a DoD Component elects to recognize all or part of other previous periods of NAFI service within that Component, credit will be given on a retroactive basis as retroactive credits.

(2) Service in any position paid from appropriated funds, except for honorable active U.S. military service described in paragraph A.2. of appendix C, is not creditable for NAFI retirement purposes. The basis on which total credited NAFI employee service will be determined is contained in appendix C.

d. Retirement Eligibility

(1) An employee's normal retirement date is the 1st day of the month that falls on or follows the employee's 62nd birthday. However, the employee must have at least 5 years of credited service to qualify for an annuity including the employer's contribution.

(2) An employee may retire earlier on a reduced annuity basis with specific approval of the Head of the DoD Component, after attaining age 52, and completing 5 years or more of credited service.

(3) An employee serving beyond age 62 will continue to make regular contributions and accrue retirement credits.

e. Contributions. The employee and the employing NAFI will share the current cost of the retirement program. When a retirement plan provides credit for prior service, funding of past service credits will be accomplished within a 30-year period. The employee's share of current cost will be deducted from his or her earnings by payroll deductions.

f. Amount of Annuity at Normal Retirement Age 62, or Deferred Retirement. The amount of yearly annuity payable to an employee, commencing at his or her normal or deferred retirement date, will be the amount of the annuity formula, reduced by the Social Security offset as described in appendix C.

g. Amount of Retirement Annuity on Optional Early Retirement. For an employee who retires early, the amount of the annuity is determined in the same way as at normal retirement except that it will be reduced 1/3 of 1 percent for each month by which the annuity commencement date precedes age 62. The method of application is prescribed in appendix C.

h. Survivor Annuity

(1) If an employee is married when he or she retires, the annuity is automatically reduced (unless he or she elects otherwise) and a survivor annuity will be payable to the surviving spouse as described in appendix C.

(2) An employee who is not married when he or she retires may elect a survivor benefit for one or more of his or her children or for some other named persons with an insurable interest as described in appendix C.

i. Death Benefits. Death benefits will be provided in one of the following forms as set forth in appendix C.

(1) A survivor annuity payable to the surviving spouse upon the death of an employee while in the service of and participating in the retirement program of the employing NAFI.

(2) A survivor annuity, payable upon the death of a retired employee who was receiving an annuity benefit, and who had designated an eligible survivor to receive annuity payments.

(3) A lump-sum death benefi

j. Disability Benefits. When a
years of credited service and becomes to
to his or her normal retirement date, mo
payable. "Totally and permanently disab

the inability of the employee to engage in any and every gainful occupation in which he or she might reasonably be expected to engage with due regard to the employee's education, training, experience, and prior economic status. An employee shall not be deemed to be totally and permanently disabled, for purposes of the retirement program if the disease or injury which caused the disability is the result of vicious habits, intemperance, or willful misconduct within the 5-year period immediately prior to becoming disabled. The amount of annuity to be paid is set forth in appendix C. (The disability benefits may be incorporated in the retirement plan or a separate plan from the retirement plan, or a combination.)

k. Change in Employment Status. When for any reasons other than death, the service of an employee is terminated prior to his or her normal or optional earlier retirement date, or his or her employment status is changed so that the employee is ineligible to continue to participate in the retirement plan, the employee may elect to have either his or her contributions returned or to leave the contributions in the program and later receive an annuity provided he or she meets the eligibility requirements for such deferred annuity. These options are listed in appendix C.

l. Reemployment Under the Same Retirement Program. Subject to the provisions of C.3.b., this chapter, an eligible employee who is separated from employment by other than retirement and later reemployed will again be covered under the employee retirement program immediately upon reemployment. The employee will receive full credit under the program for all previous credited service except that, if previous contributions with interest have been withdrawn, he or she must be informed to initiate action within 1 month of reemployment to effect redeposit of principal and interest which would have been earned had the deposit not been otherwise withdrawn. If the employee's contributions to the retirement fund, with interest, are not redeposited, the employee will not receive credited service for NAFI service prior to the date of reinstatement. If the recipient of a NAFI annuity, other than a disability annuity, is reemployed, he or she will not be eligible for participation in the NAFI retirement program unless such participation is approved by the Head of the DoD Component. If the NAFI annuitant is reemployed and the Head of the DoD Component authorized his or her participation, the employee's annuity will cease, and his or her participation in the retirement program will be reinstated.

m. Withdrawals and Loans. An employee may neither withdraw his or her contributions nor borrow against them at any time so long as he or she remains employed by the DoD NAFI in a category from which participation in a retirement plan is authorized. After termination of employment, only a total withdrawal of contributions is permissible. A partial withdrawal or loan against the contributions of one who has terminated employment but has not withdrawn contributions is not permissible. Such practices would interfere with the fundamental purpose of the program.

n. Designation of Beneficiary. An employee may designate or change his or her beneficiary at will. The beneficiary will receive any benefits that become payable after the employee's death, other than benefits actually or conditionally payable to surviving spouse or other authorized survivor annuitants.

n. Designation of Beneficiary. An employee may designate or change his or her beneficiary at will. The beneficiary shall receive any benefits that become payable after the employee's death, other than benefits actually or conditionally payable to surviving spouse or other authorized survivor annuitants.

o. Limitation of Assignment. Unless otherwise provided by law, the benefits provided under the retirement program described here are unassignable, except that if the service of an employee is terminated, he or she may assign a cash refund elected on termination.

* p. Lump-Sum Settlments of Small Annuities. When an annuity other than * a disability annuity amounts to $600 or less per year, a one-time lump-sum payment * of equivalent actuarial value may be made instead.

q. Right to Employment or Retirement Annuity. Participation in a retirement plan shall not be construed to give any employee the right to be retained in the service of the employer, or any right or claim to a retirement annuity unless the right to such retirement annuity has specifically accrued under the terms of the employee retirement program.

r. Retention of Accrued Credited Service for Retirement Annuity Purposes. When an eligible employee who is participating in a retirement plan terminates employment and is employed by another NAFI within 90 days, and the gaining NAFI offers a different retirement plan, the employee may carry forward his or her credited service accrued for retirement annuity purposes with the prior NAFI. The feasibility of continuing this "portability" provision shall be reviewed periodically by the DoD NAF Retirement and Insurance Committee. When the DoD Component NAFI's retirement plan includes a provision for disability annuity, the employee shall fulfill the gaining NAFI's own credited service vesting requirements for disability annuity prior to becoming eligible for that annuity. Complete policy and procedures are stated in Appendix C.

* 4. Workmen's Compensation Benefits *

a. Longshoreman's and Harbor Worker's Compensation Act. Civilian employees of NAFIs shall be provided compensation benefits in accordance with the provisions of 5 U.S.C. 8171. (Off-duty enlisted personnel employed by NAFIs are not civilian employees for the purposes of this Act.)

b. Coordination with other Benefits. Retirement or disability * annuities shall be offset by the amount of workmen's compensation indemnity * * benefits payable. Any workmen's compensation income received by a survivor * annuitant derived from "on-the-job" incurred disease or injury to the employee shall also be used as an offset against the survivor annuity payable under the retirement plan.

5. Group Insurance

a. Coverage. Group insurance is designated to provide the broadest coverage against unforeseen events to NAFI employees and their dependents. Hence, Heads of DoD Components shall assure that all their eligible NAFI employees have the opportunity to participate in group insurance plans meeting the requirements established in this chapter.

b. Voluntary Participation. Employee participation in group insurance shall be voluntary. NAFI employees who are eligible shall be permitted to elect not to be covered.

#Second Amendment (Ch 7, 11/28/83)

c. Group Insurance Benefits

(1) The following group insurance benefits will be made available to all eligible employees:

(a) Life Insurance

(b) Accidental Death and Dismemberment

(c) Comprehensive Medical Expense

(d) Life and Medical Benefits for eligible retired employees

(2) The basic provisions for each of these benefits are set forth in appendix C.

d. Retention of Group Insurance Rights. When RFT DoD NAFI employees participating in a NAFI Group Insurance Plan are transferred by reason of a functional transfer, and the gaining NAFI offers a different group insurance plan, such employees are entitled to transfer of certain group insurance participating rights, subject to the provisions and limitations of the gaining NAFI plan. These rights are limited to:

(1) Participation in those portions of the gaining NAFI plan which are counterparts of the losing NAFI plan in which the employees and his or her dependents were participating on the date immediately prior to the date of transfer. To exercise this right, however, the employee must file for similar coverage within 1 month the date of transfer. In this event, coverage will become effective as of the date of transfer or, if later, as of the date the application for it is signed. To enroll in any counterpart portions of the gaining NAFI plan in which the transferred employee or his or her dependents were not enrolled in the losing NAFI plan, insurability rules applicable to other employees of the gaining NAFI will apply.

(2) Credit for those periods of time the employee was a participant in those counterpart portions of the losing NAFI group insurance plan that establish eligibility for retired employee life or medical, or both, coverage in the gaining NAFI plan.

e. Funding. Costs for group insurance benefits will be shared between the employer and the employee, except that the premiums for any life and/or medical insurance benefits for eligible employees who retire at or after normal retirement age will be without cost to the employees after their retirement.

6. Health Maintenance Organizations. In compliance with P.L. 97-35, which amended the Health Maintenance Organization (HMO) Act to include NAFIs * with the definition of the term "employer," Heads of DoD Components shall * provide eligible NAF employees the option of membership in qualified HMOs. In compliance with 42 U.S.C. 300e-9, DoD Components must comply with regulations prescribed by the Secretary of the Department of Health and Human Services concerning employer obligations under the HMO Act.

(2) Suggest target dates for implementation of certain aspects of the provisions of this chapter;

(3) Review NAFI programs of DoD Components;

(4) Recommend to the ASD(MRA&L) any changes in DoD policy on NAFI employee retirement and insurance programs; and

(5) Recommend procedures for the transfer of NAFI retirement credits.

b. The working committee chair will coordinate recommendations developed by this committee with the DoD Committee for NAFI personnel matters prior to forwarding such recommendations to the DASD(CPP).

CHAPTER VII

EMPLOYMENT OF NAFI PERSONNEL IN FOREIGN AREAS

A. GENERAL POLICY AND PURPOSE

1. The DoD policies and laws governing employment practices for NAFI personnel in the continental United States (CONUS) basically apply overseas to U.S. citizens and U.S. nationals consistent with existing treaties or agreements with host countries. The employment conditions for locally hired non-U.S. citizen employees shall be based on customs and practices in the areas and the provisions of the country-to-country agreements. The NAFI personnel policies developed in any one area shall apply uniformly to all NAF elements of the U.S. Forces in the same area.

2. DoD Directive 1400.6, DoD Instruction 1400.10, and DoD 1400.25-M which prescribe the policies currently governing civilian personnel employed by DoD Components in CONUS and overseas are hereby administratively extended to NAFI employees. This chapter summarizes the essential elements contained in these issuances and makes interpretations for NAFI employees as needed.

3. No Head of a DoD Component or organization of his or her command shall cause any actual or potential liability to appropriated funds by reason of employment of NAFI personnel or use by such employees of non-U.S. Government facilities in foreign areas except as authorized by DoD Directive 1330.2, or as otherwise specifically authorized by regulations and procedures approved by the Secretary of Defense or designee.

4. Appropriated fund logistical or administrative support of NAFI employees in foreign areas shall be on a reimbursable basis except where exempted by the provisions of DoD Directive 1330.2 or otherwise specifically exempted.

B. SPECIFIC POLICIES

1. U.S. Citizens or U.S. Nationals Recruited Locally

a. U.S. citizens and U.S. nationals residing in the host country may be recruited locally by overseas NAFIs in accordance with established country-to-country agreements. In this regard, first priority must be given to the employment of dependents of military and civilian personnel assigned in the * host country, without regard to other priorities in this manual and to off-duty military personnel, when such action is not at variance with the Status of Forces agreements, country-to-country agreements, treaties, or as prescribed by DoD Instruction 1400.23 when the host nation's political or economic * conditions require maintenance of the existing local national or U.S. citizen employment balance. A DoD Component may require approval at an appropriate * level when the position is at the UA-12 level or above, or is a supervisory * position.

b. Compensation of such employees shall be in accordance with FPM Letter 532-86, FPM Supplement 532-2, and Appendix B of this Manual.

2. U.S. Citizens Recruited in the United States

a. When it has been determined that local nationals, U.S. citizens, or U.S. nationals residing in the host country do not possess the necessary training or experience for a particular NAFI position, civilian personnel may be recruited from the United States to fill these positions. In general, such personnel shall be limited to key management or supervisory positions and those positions regarded as essential for security reasons.

b. Rates of pay for U.S. citizen NAFI employees who are compensated under the Annual Salary Plan and who are recruited in the United States and its territories and possessions for overseas assignments shall be fixed in conformity with rates paid for work of a comparable level or difficulty and responsibility to that of NAFI employees in the United States.

3. Employment of Non-U.S. Citizens

a. The employment of non-U.S. citizens by Armed Forces overseas is covered by DoD Instruction 1400.10. The Instruction supplements DoD Directive 1400.6, which is the basic DoD policy governing civilian personnel of the Department of Defense in overseas areas.

b. Employment and utilization of local nationals by NAFIs are, in most situations, governed by the provisions of a treaty or other formal agreements between the host country and the United States. The negotiations of the basic arrangements with the host government is the responsibility of the Department of State.

c. As far as practical, locally available personnel shall be employed before personnel are transferred from, or recruited in, the United States.

(1) Local Nationals. Local laws and customs shall be followed in the employment and administration of local nationals to the extent that such laws and customs are compatible with the basic managment needs of the U.S. Forces.

(2) Third (Other) Country Nationals. The importation of workers from another country by a NAFI shall only be made when personnel requirements cannot be met by local hire. When it becomes necessary to do so, arrangements should be made with the host government to permit importation of workers who are acceptable to the host country.

(3) Resident Aliens. Resident aliens shall be employed in accordance with agreements made with the host country.

4. Allowances and Differentials

a. Pursuant to E.O. 11137, Heads of DoD Components shall prescribe regulations, subject to the approval of the Secretary of Defense, governing payments of allowances and differentials to civilian employees of NAFIs of the United States under the jurisdiction of the Armed Forces.

b. Heads of DoD Components shall ensure that the allowances and differentials prescribed for NAFI employees in accordance with E.O. 11137 comply with the following provisions:

(1) The rates of payment authorized for the allowances and differentials which are prescribed for eligible employees will be the same as those prescribed by the Department of State Standardized Regulations (Government Civilians, Foreign Areas) for appropriated-fund U.S. citizen employees in the same locality.

* (2) The types of allowances and differentials that are prescribed
* shall be the same as those provided for appropriated fund, U.S. citizen DoD
* employees in the locality, except that education may be provided for eligible
* dependents, as defined in DoD Directive 1342.13, or an education allowance may
* be paid, as authorized in section 270 of the Department of State Standardized
* Regulations (Government Civilians, Foreign Areas).

(3) Allowances and differentials will be prescribed for those employees recruited in the United States who meet the eligibility requirements contained in section 030 of the Department of State Standardized Regulations (Government Civilians, Foreign Areas) and whose rates of basic compensation are fixed in conformity with rates paid for work of a comparable level of difficulty and responsibility to that of employees stationed in the United States, exclusive of Alaska and Hawaii.

5. Travel and Transportation

a. Heads of DoD Components may authorize payment by NAFIs of expenses for essential travel and transportation of NAFI employees and their dependents in amounts not to exceed those prescribed in volume 2 of the JTRs, when such travel and transportation is clearly in the interests of a NAFI.

b. Transportation of household goods and personal effects, including privately owned vehicles, at the expense of NAFIs may be authorized in connection with the employee's assignment, permanent change of station, or separation which is initiated by the NAFI and is clearly in the interests of the NAFI. In this regard, heads of DoD Components may establish cost-reduction programs as described in Chapter II, paragraph A.2.k.

c. When a NAFI employee transfers from one DoD NAFI to another, the gaining NAFI is authorized to grant the above travel and transportation allowances to the employee.

d. Household goods of employees returning for separation from an overseas location may be transported at NAFI expense, if otherwise entitled, from the overseas permanent duty station, place of nontemporary storage, or both, to the place of actual residence, as determined in accordance with JTR, Vol. II, C 4004-2. Shipment may be made to a different place designated by the employee provided that any cost to the NAFI in excess of the cost for shipment of household goods in one lot by the most economical route from the overseas permanent duty station to place of actual residence is borne by the employee.

#Third Amendment (Ch 9, 4/30/84)

6. Return Rights. NAFI personnel recruited from a NAFI in the United States for assignment in foreign areas may be afforded (by the same DoD Component) return rights to a suitable position in the United States. The recruiting NAFI will make every effort to provide for return placement at no loss in pay; however, such action shall not be construed as constituting mandatory reemployment.

7. Entitlement to Government Quarters and Facilities

a. NAFI employees in positions for which it is necessary to recruit from the United States shall be accorded full membership in the joint overseas military and civilian team to which they make a significant support contribution. Each overseas military commander shall provide facilities under his or her jurisdiction, including Government quarters and family housing, to NAFI personnel, in accordance with the policies set forth in DoD Directive 1400.6 and other pertinent regulations. The principle of equal treatment of NAFI personnel with appropriated-fund personnel at equivalent grade levels shall be followed.

b. U.S. citizen/U.S. national NAFI personnel traveling on official business may occupy temporary Government quarters, including guest houses, under the same terms and with the same eligibility as appropriated-fund personnel.

8. Medical and Health Services. U.S. citizen/U.S. national NAFI employees will have access to the same medical and health service provided appropriated-fund personnel, in accordance with the provisions of 5 U.S.C. 7901 and OMB Circular A-72.

9. Privileges. U.S. citizen/U.S. national NAFI personnel shall be afforded the same privileges provided their counterparts who are appropriated fund civilian personnel in the same overseas area, to the extent permitted by country-to-country agreements. These will include commissary, exchange, laundry, transportation, postal services (APO and FPO), recreation, and religious facilities. The basis for extending the privileges of clubs and messes will be according to grade and position responsibility, as determined by overseas commanders.

* 10. Home Leave. Home leave is granted on the basis that it is earned by service abroad for use in the United States, Commonwealth of Puerto Rico, or possessions of the United States. The provisions of subchapter S6, FPM Supplement 990-2, are hereby administratively extended and govern home leave for eligible NAFI employees recruited in the United States and employed in overseas areas, as defined in the FPM. *

* 11. Renewal Agreement Travel. Employees who have completed the agreed period of continuous creditable service outside the United States, and outside the employee's place of residence if such residence is in the Commonwealth of Puerto Rico, or in any of the possessions of the United States; and who agree in writing to serve an additional tour of duty at the same or another overseas Nonappropriated Fund Instrumentality, may be authorized renewal agreement travel at the expense of the employing NAFI. *

#First Amendment (Ch 1, 5/21/82)

a. Renewal agreement travel is allowed from an employee's overseas post of duty to his or her place of actual residence at the time of appointment or transfer and for the employee's return to the same or another overseas post of duty.

b. Time is not chargeable to leave while in a travel status as long as the travel is by the most direct route.

c. Upon reaching place of actual residence, the employee shall be charged annual leave, home leave, or leave without pay as appropriate.

12. Emergency Leave and Travel. Emergency leave may be granted to U.S. citizen/U.S. national NAFI employees assigned outside the United States and entitled to return transportation in cases of emergencies, such as serious injury, illness, or death in the employee's family located in the United States. The period of emergency leave, including travel time, shall be charged to annual leave. If the employee has no accrued annual leave, he or she may be placed in a leave-without-pay status. Such employees may be provided government transportation on a space-available basis. Red Cross confirmation of the emergency should be secured prior to the approval of the leave and transportation.

13. Local Holidays in Foreign Countries. Local national NAFI employees may be authorized time off to observe certain local national holidays. Such authorization is subject to country-to-country agreements. When all or part of an installation is closed in observance of such a local holiday and, as a result, U.S. citizens/U.S. nationals and third country nationals are thereby prevented from working, they shall be assigned to other work if possible. Otherwise, such employees may be excused without charge to leave or loss of pay.

14. Employee Benefits. Insurance, retirement, medical, and other employee benefits for local national NAFI employees are established by agreements with the host country. Regardless of the place of their recruitment, U.S. citizens shall earn annual leave and accrue sick leave credits in accordance with the policy governing employees in CONUS, as outlined in Chapter IV.

15. Care and Disposition of Remains of Decedent Employees. All benefits authorized for the care, preparation, and disposition of the remains of decedent U.S. citizen employees of the Department of Defense paid from appropriated funds shall be accorded equally to RFT and RPT U.S. citizen NAFI employees who are employed outside of the CONUS and who are not dependents of U.S. military personnel who would otherwise be entitled to such care and disposition of remains from appropriated funds. All items and expenses authorized to be furnished by the government on a reimbursable basis shall be billed to and funded by the employing NAFI.

* 16. Evacuation of NAF Employees and Family Members *

* a. Heads of DoD Components shall prescribe regulations, subject to * * the approval of the Secretary of Defense, governing NAF employee entitlements * * in emergency situations; procedures for financial assistance to NAF family * * member evacuees; and employment status of NAF-paid personnel during and after * * an evacuation or crisis situation. *

* b. Entitlement to emergency evacuation for NAF employees, as well * * as the payment of allowances and benefits, is authorized for eligible * * employees as prescribed by the Department of State Standardized Regulations. *

#Second Amendment (Ch 3, 2/16/83)

CHAPTER VIII

TRAINING AND DEVELOPMENT

A. GENERAL POLICY

It is the policy of the Department of Defense to provide all training necessary to ensure maximum efficiency of all NAFI employees in the performance of their duties; to assist in instituting career and executive programs; and to encourage employees in their efforts for self-improvement. Training needs shall be reviewed continuously and modern training practices and techniques aggressively used to improve employee performance and to meet present and anticipated needs for administrative, technical, professional, and managerial skills.

B. RESPONSIBILITIES

1. Heads of DoD Components and the Commander, Army and Air Force Exchange Service, shall develop and implement NAFI Training and Development Programs designed to increase an employee's efficiency.

2. Heads of DoD Components and the Commander, Army and Air Force Exchange Service, shall issue policies and regulations setting forth detailed procedures and requirements for administering the training and development program within their organizations.

3. All responsible individuals shall ensure that every employee who needs training and who meets established standards is provided an equal opportunity to participate in training and development programs.

C. SPECIFIC POLICIES

Heads of DoD Components and the Commander, Army and Air Force Exchange Service, may establish and maintain all or part of the following programs, based on their needs for supporting mission accomplishment and for providing developmental opportunities to all NAFI employees:

1. Job Orientation Training. This training is designed to familiarize new employees with the mission and organization of employing NAFIs and with the specific duties of their individual jobs. The orientation deals with those policies and regulations that affect the employee's job, as well as imparting general information which the management has determined to be mutually helpful to the employee and the NAFIs. This orientation includes standards of conduct; permissible and prohibited political activity; occupational hazards and safety program; security program; employee working conditions; employee benefit plans, personnel programs and other information related to employment and job performance.

2. On-the-Job Training. Training which is given on the job, to help employees improve their job performance and increase productivity. Providing the necessary on-the-job training is the responsibility of all firstline supervisors.

3. Off-the-Job Training. Formal training designed to improve employees' efficiency and to increase their knowledge in subject matter related to their assigned duties and responsibilities. Firstline supervisors are responsible for identifying training needs and for recommending the necessary training for NAFI employees under their supervision.

4. Supervisory Training

a. Supervisors are an important key to an organization's productivity. Accordingly, management effectiveness and efficiency are dependent upon the quality of supervision. Supervisory training shall be designed to enhance skills, ability, and knowledge necessary to cope with the complex requirements of supervision. It is highly desirable to provide new supervisors (both appropriated and NAFI civilian employees, as well as military personnel) with an understanding of good supervision, an application of good supervisory techniques, and assistance in developing quickly the capability for performing their new job effectively.

b. Heads of DoD Components and the Commander, Army and Air Force Exchange Service, shall establish a supervisory development program consistent with the following:

(1) That supervisors receive appropriate initial preparation for their jobs as well as continued development in the skills and knowledge needed for effective supervision.

(2) That supervisory development be given full management support and interest, to include adequate funding.

(3) That the content of the training relate to the needs of the organization and the individual supervisor.

(4) That the developmental experience be of high quality.

(5) That the work environment be conducive to good supervisory practices.

c. Where it is practical, NAFIs are encouraged to utilize existing appropriated fund's supervisory training programs modified to meet their requirements in order to maintain consistency with appropriated fund counterparts within the Department of Defense.

d. Initial supervisory development includes training in planning and assigning work, communicating organizational goals and priorities, measuring individual and unit productivity, appraising performance, assessing employee training needs, working with unions, and budgeting. Continuous development of supervisors shall be attempted to assist them in updating their skills and knowledge, improving and sharpening their supervision, and providing a greater potential for attaining higher level positions.

e. The developmental activities shall be carefully matched to the requirements of the particular supervisor and be cost effective. In determining the kind of training required, a competency-based approach that identifies the skills, knowledge, and ability needed to perform the supervisory functions shall be employed. A list of supervisory functions developed

)PM is a valuable tool for assessing supervisory developmental needs (see :ndix G). Commanders of NAFIs may adopt or modify that list, or develop .r own list of functions to fit their requirements, in line with DoD ponent policy guidance. A problem-oriented approach (that is, evidence of ormance deficiencies) can be used to identify supervisory development ls. This approach is best suited to identify developmental needs of rienced supervisors.

f. Heads of DoD Components and the Commander, Army and Air Force ange Service, shall develop a basic supervisory development training ram for NAFI personnel management. Supervisors of NAFIs should attend course no later than 6 months after assignment. The training needs ld be identified and met, and the effectiveness of the training assessed. minimum, local supervisory training efforts should be evaluated annually, etermine how well the needs of the installation and its supervisors are g met and to further improve those developmental activities. This super- ry training shall be extended to those potential supervisory personnel h as those who were promoted temporarily or detailed to supervisory tions) on a space-available basis.

5. Career Management and Executive Development. Heads of DoD Components the Commander, Army and Air Force Exchange Service, may establish and tain career management programs or an executive development program (see ter II, paragraph B.2.g.) as a means for maximizing the effectiveness and uctivity of their organization. Commanders and NAFIs at all levels are onsible for providing support to NAFI employees in meeting their training s as identified through individual development plans (IDPs) established r these programs for the improvement of employee performance of assigned es and for career advancement.

6. Apprentice Programs. A formal apprentice program may be established he DoD Components or the Commander, Army and Air Force Exchange Service, eet operational requirements for the development of required journeymen ls when NAFI's experience local recruitment difficulties.

7. Training Support

a. Supervisors and managers are responsible for counseling NAFI oyees enrolled in career management programs at the time their annual aisals of performance are made. At a minimum, these counseling sessions ld include: a discussion on career patterns; an appraisal of current ormance in light of career objectives; a discussion on available self- lopment activities that could assist employees in meeting their career ctives; a review of other training and development courses that may be ided in whole or in part by the NAFI; and the completion of required IDPs Chapter V, subsection A.7.).

b. Heads of NAFIs are responsible for funding necessary training s of NAFI nonsupervisory, supervisory, and managerial employees. Existing rnmentwide training programs provided for appropriated fund employees ld be made available for NAFI employees within limits permitted by law and lation.

c. Commanders and managers are responsible for providing training, insofar as practicable, by, in, and through government facilities under the jurisdiction or control of the installation or facility.

d. Employees are also encouraged to expand their knowledge and skills on a self-development basis. Costs incurred from approved educational courses may be reimbursed in accordance with provisions established by this Manual (see Chapter II, paragraph B.2.g.) and DoD Component regulations.

APPENDIX A

CAREER AND EXECUTIVE DEVELOPMENT PROGRAM
(Army and Air Force Exchange Service Executive Management Program)

A. PURPOSE

The Executive Management Program (EMP) is intended to fulfill the continuing requirement of the Army and Air Force Exchange Service (AAFES) for highly qualified and dedicated executive employees who will be readily available to meet the worldwide executive personnel requirements of AAFES.

B. DEFINITIONS

1. EMP Position. Designated by the Commander, AAFES, it includes all positions in the entry EMP grade level and above, and other positions necessary or suitable for the training and development of individuals to attain the EMP grade level.

2. EMP Employee. A U.S. citizen who has completed the prescribed period of AAFES service; who has been designated an EMP employee by the Commander, AAFES; and who has acknowledged in writing that he or she understands and accepts the conditions of the EMP as prescribed by the Commander, AAFES.

C. NOMINATION AND DESIGNATION TO EMP STATUS

Procedures for nomination, selection, and designation to EMP status will be published by the Commander, AAFES. Entry grade level for EMP status will be established by the Commander, AAFES, subject to the approval of the AAFES Board of Directors.

1. Employees who attained EMP status prior to December 10, 1969, but who did not attain a grade level of Universal Annual (UA) Salary Plan, grade 12, prior to July 10, 1976, will receive only those benefits applicable to EMP status which were in effect before December 10, 1969, provided employees continue to meet the requirements under which they qualified. However, at such time employees attain the EMP entry grade level as currently established by the Commander, AAFES, they will be eligible to participate in all EMP benefits that were instituted on or after December 10, 1969, provided they continue to meet the requirements under which they qualified.

2. Employees who attained the grade level of UA 12 before July 10, 1976, and who were or became participants in EMP as it existed prior to July 10, 1976, will continue to receive the benefits of the program then in effect, plus those and privileges created on or after July 10, 1976, provided they continue to meet the requirements under which they qualified for the EMP.

D. EMP EMPLOYEES' OBLIGATIONS AND BENEFITS

1. EMP employees are obligated to:

a. Develop and improve their abilities and efficiency to the fullest extent practicable in fulfillment of the purpose and principles of the program.

b. Accept transfer throughout the worldwide AAFES, except when the er, AAFES, determines that individual circumstances justify withdrawal pposed transfer. In the absence of such determination, the EMP status employee who declines to accept a proposed transfer may be withdrawn Commander, AAFES, and the employee separated.

c. Accept the terms of EMP early retirement, when they are in the IP grade level or above.

Benefits

a. Retention priority in RIF.

b. Longer notice periods based on length of service in case of separations.

c. Triple indemnity accidental death benefit and supplementary surance benefits in accordance with the AAFES Group Insurance Plan.

d. Supplemental retirement benefits and retention of personal grade, ess of assignment. For continuation of benefits for EMP employes below rent EMP entry grade level, see paragraph c., above.

EMP status may be withdrawn by the Commander, AAFES, as provided in ove, or upon determination of unsatisfactory performance, insubordina- illful violation of laws, regulations, rules, or procedures, or for off the job causing discredit to the AAFES.

EMPLOYEES' SELECTION AND PROMOTION

The Commander, AAFES, will review periodically and establish, as ry, the number and grade level of positions to be included in the EMP, e exception of position establishments above grade UA 15, which require of the AAFES Board of Directors.

The employee in the entry EMP grade level and above is granted a grade which does not fluctuate with, nor depend on, the position d.

Employees in one grade below the entry EMP grade level, and employees EMP grade level and above, except those with personal grades of UA 15, promoted upon approval of the Commander, AAFES. EMP employees with the grade of UA 15 may be promoted on recommendation of the Commander, nd approval by the AAFES Board of Directors.

The Commander, AAFES, will appoint central Promotion Boards as ate to meet at least once each year. Central Promotion Boards will sed of individuals senior to the grades under consideration for pro- The boards will have a minimum of five members, and normally the ll be a senior field grade or general officer.

5. The Central Promotion Boards shall:

a. Review pertinent records furnished by the Personnel Division, Headquarters AAFES, of each employee who meets the criteria established by the Commander, AAFES.

b. Identify those employees who have demonstrated exceptional ability and have the greatest potential for performing successfully at the EMP grade level.

c. Identify and recommend courses of action that will enable the AAFES to develop more effectively any of the executives under consideration; and recommend a course of action, as appropriate, concerning executives who have been identified through prescribed performance evaluation as marginal.

6. No employee or new appointee will be granted an EMP grade without the approval of the Commander, AAFES.

7. Personal grades of EMP employees will be withdrawn on:

a. Loss of status in accordance with paragraph D.1.b. and subsection D.3 of this appendix.

b. Downgrade to a grade level below the entry EMP grade level.

APPENDIX B

UNIVERSAL ANNUAL PAY ADMINISTRATION SUPPLEMENT

A. GENERAL

* Chapter III, Position Classification, Pay and Allowances, requires that the rates of compensation of the UA salary system be commensurate with the rates of compensation of the GS. This appendix provides additional policy and procedural guidance for pay administration of UA employees compensated under the UA salary system.

B. APPLICABILITY

This appendix applies to all NAFI employees, worldwide, who are U.S. citizens, U.S. nationals, or permanent resident aliens in the United States who are employed within the United States and officially assigned to UA positions. (NOTE: NAFI * employees in the Panama Canal Area are not assigned to UA positions.)

C. UNIVERSAL ANNUAL PAY SCHEDULES

1. The UA Pay Schedule shall have a grade structure beginning with UA-5 through UA-18. The grades and steps of the annual salary structure shall be identical to grades GS-5 through GS-18 under the GS. All limitations on maximum pay rates prescribed by the OPM to the GS shall apply to the UA pay * rates as well. The pay period for an employee in a UA position shall normally * cover 2 administrative workweeks. For pay computation purposes affecting a UA * employee, any annual scheduled rate of basic pay is deemed payment for employ- * ment during 52 basic administrative workweeks of 40 hours. When it is neces- * sary to convert an annually scheduled rate of basic pay to a basic hourly, * daily, weekly, or biweekly rate, the following rules govern:

* a. To derive an hourly rate, divide the annual rate by 2080.

* b. To derive a daily rate, multiply the hourly rate by the number of * daily hours of service actually required.

* c. To derive a weekly or biweekly rate, multiply the hourly rate by 40 * or 80, as the case may be, if these hours coincide with the weekly or biweekly * scheduled working hours of the employee. Employees whose weekly or biweekly * scheduled working hours are less than 40 or 80 shall have their weekly or * biweekly pay computed to reflect actual scheduled hours of work.

* 2. All rates, hourly, daily, weekly, or biweekly, are computed to the nearest * cent, counting one-half and over as a whole cent.

* For example: Grade UA-11, Step 2 - $25,325 per annum *
* $25,325 ÷ 2080 = 12.1754 or $12.18 *

* Position A - 40 hours per week 80 x $12.18 = $974.40 *

* Position B - 32 hours per week 64 x $12.18 = $779.52 *

#First Amendment (Ch 4, 4/28/83)

D. ADJUSTMENT TO UA SCHEDULE

When the UA salary schedule is changed as a result of a change to the GS, employees' salaries shall be adjusted on a grade-by-grade, step-by-step basis. Salary adjustments shall be effective as of the first day of the first applicable pay period beginning on or after the effective date of the GS adjustment. Employees in an indefinite retained pay or a 2-year saved pay status shall receive increases in accordance with sections H. and I. of this appendix.

E. INITIAL HIRE

Generally, initial hires shall be made at step 1 of the grade to which the emloyee has been hired

1. Special Circumstances. The head of the DoD Component may authorize hire of a person to a UA position at a higher step within the appropriate grade in recognition of a candidate's existing pay, unusually higher or unique qualifications, or a special need by the NAFI for his or her services.

2. Conversion. When an individual is being employed as the result of conversion of the position held by the incumbent from appropriated to non-appropriated funds, the entrance salary shall be fixed at the rate for the appropriate grade which is equal to the rate paid in the previous position.

F. PROMOTION

1. Pay on Promotion. A UA employee who is promoted shall be paid at the lowest scheduled rate of the new grade that exceeds his or her existing scheduled rate of pay by no less than two step increments of the grade from which promoted. If there is no rate in the higher grade that is at least two step increments above his or her existing scheduled rate of pay, he or she shall receive (a) the maximum scheduled rate of the higher grade; or (b) his or her existing scheduled rate of pay if the existing scheduled rate of pay is higher. An employee who is promoted from an hourly paid position to a UA position shall be paid at the lowest step of the UA grade that equals or exceeds the employee's previous hourly rate, augmented by the difference between steps 4 and 5 of the employee's grade on the hourly rate schedule.

* 2. Exceptions. The following exception to the above pay setting practice is authorized for an hourly paid employee who is promoted to a supervisory or leader position that qualifies for inclusion in the UA category: *

* a. Leader Positions. When the base level of work led is AS-7 or PS-7, a leader position qualifies for inclusion in the UA salary plan. The step rate selected in the appropriate new UA grade level shall be determined in the following manner: The scheduled rate of pay shall be to the lowest step in the new UA grade that results in an increase equal to but not less than the difference in the pay line rate (step 2) between grades 6 and 7 of the local area prevailing rate pay schedule applying to the AS/PS base level of work led. If application of this procedure results in a base salary higher than that for the highest step of the new grade, the scheduled rate shall be to the highest step of the new grade. *

* b. Supervisor Positions. When the base level of work supervised is AS-6/7 or PS-6/7, a supervisory position qualifies for inclusion in the UA salary plan. The step rate selected in the appropriate new UA grade shall be determined in the following manner: The scheduled rate of pay shall be to the lowest step in the new UA grade that results in an increase equal to but not less than twice the pay difference in the pay line rate (step 2) between grades 6 and 7 of the local area prevailing rate pay schedule applying to the AS/PS base level of work supervised. If application of this procedure results in a base salary higher than that for the highest step of the new grade, the scheduled rate shall be to the highest step of the new grade. *

* 3. Pay on Promotion in Retained Pay Situations. When an emloyee to be promoted is on retained pay, the pay he or she is entitled to on promotion shall be at least a two-step increment abive the maximum rate of the salary range fot the grade of the position from which promoted. When this calculation results in a rate less than the employee's retained rate of pay, the employee is entitled to his or her retained rate of pay if such rate of pay is within the salary range for the grade of the position to which the employee is promoted. If the employee's retained rate of pay exceeds the salary range for the grade of the position to which promoted, entitlement to retained pay continues for the duration of the original 2-year period or until terminated by one of the specified conditions described in the pay retention policies of this Manual.

#Third Amendment (Ch 5, 6/1/83)

G. GENERAL PAY-FIXING GUIDES

1. Effective Date. The normal effective date of changes in pay rates will be the beginning of the first day of the first full pay period on or after the date of the change.

2. Simultaneous Pay Changes. When an employee becomes eligible for two pay changes at the same time, the changes shall be processed in the order which will give the employee the maximum benefit.

H. PAY RETENTION RESULTING FROM CONVERSION ACTIONS

A NAFI employee whose rate of pay was fixed above the maximum scheduled rate of his or her grade as a result of the initial conversion of his or her position from the component system to the DoD UA salary system, shall have his or her rate of pay retained indefinitely and adjusted in accordance with subchapter S.10-7 of FPM Supplement 532-2.

I. TWO-YEAR SAVED PAY UNDER THE ONGOING PROGRAM

Pay for a NAFI employee paid from the UA schedule shall be determined and adjusted in accordance with the provisions of subchapter S.9 of FPM Supplement 532-2 when the employee (1) is reduced in grade or reassigned to a position for which the maximum scheduled rate of pay is less than the employee's existing rate of pay; or (2) is downgraded as a result of transfer of function to another NAFI; or (3) has returned from overseas; or (4) has completed an executive management program.

G. GENERAL PAY-FIXING GUIDES

1. Effective Date. The normal effective date of changes in pay rates shall be the beginning of the 1st day of the first full pay period on or after the date of the change.

2. Simultaneous Pay Changes. When an employee becomes eligible for two pay changes at the same time, the changes shall be processed in the order that shall benefit the employee the most.

H. PAY RETENTION RESULTING FROM CONVERSION ACTIONS

A NAFI employee whose rate of pay was fixed above the maximum scheduled rate of his or her grade as a result of the initial conversion of his or her position from the DoD Component system to the DoD UA salary system, shall have his or her rate of pay retained indefinitely and adjusted in accordance with subchapter S.10-7 of FPM Supplement 532-2.

I. TWO-YEAR SAVED PAY UNDER THE ONGOING PROGRAM

There is no grade retention for UA employees. Pay for a NAF employee moved to a lower grade UA position shall be determined and adjusted in accordance with the provisions cited in Chapter III, subparagraphs B.2.d.(1)(b) and B.2.d.(2)(c), of this Manual.

J. PAY ADJUSTMENTS FOR UA SUPERVISORS BASED ON SUPERVISION OF FWS, AS, OR PS EMPLOYEES

1. A NAFI may adjust the hourly pay of a UA supervisor to any rate for his or her grade that exceeds that of the highest hourly paid employee being supervised. Before an adjustment can be made, the NAFI shall determine that:

a. The supervisor's regular responsibilities include supervision over the technical aspects of the work of one or more hourly paid employees.

b. The hourly rate of the supervisor's scheduled rate of pay is less than the scheduled rate of the highest paid subordinate.

2. A supervisor regularly has responsibility for supervision when this responsibility is a continuing assignment reflected in his or her official position description.

3. A supervisor has regular responsibility for supervision (including supervision over the technical aspects of the work concerned) when he or she has frequent contact with the hourly paid employees in connection with assigned work, and when he or she personally or through an intermediate supervisor paid under one of the NAFI hourly pay plans does the following:

a. Determines assignments or du

b. Evaluates the work of indivi
reviews require a substantial subject ma

c. Plans and organizes work of individual hourly paid employees with primary emphasis on distribution of assignments, workloads, work item priorities, and schedules for timely completion of work items, projects, or cases.

d. Provides advice, assistance, counsel, or instructions to individual hourly paid employees.

e. Evaluates the performance of individual hourly paid employees.

f. Serves as the point of contact for discussion of problems arising from, or associated with, specific work products of the unit.

4. In comparing the scheduled rate of pay for a supervisor with the rate of pay for an hourly paid employee supervised by him or her, the NAFI shall exclude from the hourly paid employee's rate any irregular prevailing rate, such as a retained rate or night shift differential.

5. The head of the DoD Component concerned shall establish a detailed procedure for administering special adjustments to supervisor pay.

K. WITHIN-GRADE INCREASES

1. Step Increases. An employee whose performance has been determined acceptable, and who has completed creditable service since his or her last equivalent increase in accordance with the following table, shall receive a within-grade increase.

	Steps 1/2/3	Steps 4/5/6	Steps 7/8/9
Calendar Weeks	52 weeks in each step	104 weeks in each step	156 weeks in each step

2. Creditable Service

a. Continuous full-time, part-time, temporary, and regularly scheduled intermittent NAFI employment is creditable service in the computation of a waiting period. Service credit is given for this employment during periods of annual, sick, and other leave with pay; advanced annual and sick leave; and service under a temporary appointment. Time in a nonpay status is creditable when it does not exceed, in the aggregate:

(1) Two workweeks in the waiting period for steps 2, 3, and 4.

(2) Four workweeks in the waiting period for steps 5, 6, and 7.

(3) Six workweeks in the waiting period for steps 8, 9, and 10.

b. Leave of absence is creditable when it is granted an employee because of an injury for which compensation is payable, as is service with the Armed Forces during a period of war or national emergency.

3. Equivalent Increase. A new waiting period must be started if the employee receives an "equivalent increase." This equivalent increase is defined as an increase (or increases) in basic pay equal to or greater than the amount of the within-grade increment of the grade in which the employee is serving.

a. When an employee has served in more than one grade during the waiting period under consideration and it is necessary to determine whether he or she received an equivalent increase in a prior grade, an equivalent increase is an increase (or increases) in his or her scheduled rate of pay equal to or greater than the amount of the smallest within-grade increase for advancement between steps of the prior grade.

b. When an employee receives more than one increase in his or her scheduled rate of basic pay during the waiting period under consideration, none of which is an equivalent increase, the first and subsequent increases are added until they amount to an equivalent increase, at which time he or she is considered to have received an equivalent increase.

c. The waiting period "under consideration" is that immediately preceding an employee's current entry into the rate of the grade in which he or she is now serving.

d. Increases not counted as equivalent increases are salary increases for UA employees resulting from a statutory increase for GS employees; wage increases granted under a wage system; increases resulting from the establishment of higher minimum pay rates by the OPM; quality step increases; territorial and foreign post differentials and cost of living allowances; and premium pay for overtime, night, or holiday duty.

(1) The waiting period for earning a within-grade increase during temporary promotion begins on the date of the temporary promotion and not on the date of the last equivalent increase in the regular grade.

(2) Upon being returned to the regular grade, an employee who was temporarily promoted is placed in the rate and given the waiting period credit that the employee would be entitled to if the employee had remained in the lower grade.

L. QUALITY STEP INCREASES

Heads of DoD Components may authorize quality step increases to recognize and reward those regular UA employees who display continuing high quality performance.

M. IDENTIFICATION OF EXEMPT AND NONEXEMPT UA POSITIONS

In accordance with Chapter III, subparagraph B.2.d.(2)(b), in those geographical areas covered by the FLSA, as amended, UA position descriptions containing executive, administrative, and professional duties shall be annotated as "Exempt." Those position descriptions which do not meet the tests for exemptions pursuant to section 13(a)(1), FLSA, as amended, and FPM Chapter 551, as supplemented, shall be annotated "Nonexempt."

N. OVERTIME AND OTHER PREMIUM PAY

1. Overtime

a. UA employees employed in geographical areas covered by the FLSA shall have their pay set in accordance with the following rules:

(1) Exempt Employees. No UA employee identified as exempt may be paid overtime pay or given compensatory time off for work in excess of 40 hours in an administrative workweek, unless the overtime pay or compensatory time off is specifically authorized in advance by the employee's supervisor. The doctrine of compensation for hours permitted or suffered to be worked in excess of 40 hours in an administrative workweek will not apply. Overtime rates and compensatory time off shall be determined by application of the GS rules.

(2) Nonexempt Employees. UA employees identified as nonexempt shall be paid overtime in consonance with the overtime provisions established for nonexempt appropriated fund employees paid on the GS.

b. UA employees who are exempt from coverage under the FLSA by virtue of geographical location of their positions shall not be paid overtime or given compensatory time off unless they have been specifically directed to work in excess of 40 hours in an administrative workweek. Overtime rates and compensatory time off shall be determined by application of the GS rules.

2. Other Premium Pay

a. Night pay differential shall be paid to UA employees under the same pay administration rules as those applicable to GS employees.

b. Holiday premium pay shall be paid to UA employees under the same pay rules as those applicable to GS employees.

c. Sunday premium pay shall be paid to UA employees under the same rules as those applicable to GS employees.

O. DETAILS

Detail of a UA employee to perform the duties of another position, as distinguished from actually being appointed or assigned to the position, shall be governed by paragraph B.2.1., Chapter II, of this Manual. Employees who are improperly detailed to higher grade positions shall be allowed retroactive temporary promotions with backpay. A UA employee temporarily assigned to work of a higher grade may be temporarily promoted to the higher grade under the merit promotion and staffing program and given the pay of that position.

#First Amendment (Ch 1, 5/21/82)

APPENDIX C

RETIREMENT AND INSURANCE SUPPLEMENT

CREDITED NAFI EMPLOYEE SERVICE

After attaining eligibility for an annuity, the following, if applicable, ıll be added to arrive at total credited NAFI employee service for computing · amount of the annuity.

1. Unused Sick Leave. Unused sick leave that has been accumulated by an ıloyee at the time of his or her retirement shall be added to the employee's ·iod of credited service in order to determine the total period of credited vice.

2. Military Leave of Absence. During the time an employee is carried on ve without pay because of interruption of his or her credited NAFI service honorable active U.S. military service, he or she remains in a continuous vice status, not to exceed 5 years, provided the employee returns to civil- NAFI employment within the period of time prescribed by 38 U.S.C. 43. Dupli- e NAFI service credits will not be granted for the same period of time.

AMOUNT OF ANNUITY AT NORMAL (AGE 62) OR DEFERRED RETIREMENT

The amount of yearly retirement annuity payable to an employee, commencing his or her normal or deferred retirement date shall be the amount of the uity formula reduced by the social security offset. When the amount of the rly annuity is computed on a basis of other than the annuity formula reduced the social security offset, multipliers shown in subsection 2., below, may adjusted so that the annuity, when added to social security, shall be at st equal to the results of the application of the annuity formula reduced the social security offset.

1. "High-3" Average Compensation. "High-3" average compensation means the hest average rate of basic annual compensation for any 36 consecutive months which contributions were made to the employee retirement program.

2. Annuity Formula. The annuity formula (explained below) is paragraph .a. plus b., the sum of which shall not exceed paragraph B.2.c.

a. For each of the first 10 years of credited service, 1½ percent of gh-3" average compensation or, if greater, 1 percent of "high-3" average ɔensation plus $25.

b. For each year of credited service after the 10th year, 2 percent 'high-3" average compensation or, if greater, 1 percent of "high-3" average ɔensation plus $25.

c. Eighty percent of "high-3" average compensation.

3. Minimum Annuity. A minimum annuity shall be provided only to the degree * ɛssary to prevent low-paid vested plan participants from retiring without some * :-provided annuity. This does not preclude lump-sum settlements that may be * ɛ in accordance with Chapter VI, paragraph C.3.p. *

* 4. Social Security Offset. Social security offset shall be calculated as follows:

a. The social security offset is 2.5 percent of the annual primary social security amount to which an employee would be entitled under the Social Security Act as of the date the employee becomes 62 years old, or actual retirement date if later, but in no event is more than the amount applicable at age 65 multiplied by the number of years of credited service, subject to a maximum of 40 years.

b. In cases of early optional retirement, the employee's social security benefit shall be calculated as though the employee would maintain his or her latest earnings level to age 62. The result shall be multiplied by 2.5 percent times the number of years of credited service, prorating fractions thereof, the product of which shall become the social security offset.

* 5. Retention of Accrued Credited Service for Retirement Annuity Purposes

a. When an RFT DoD Component NAFI employee, who is participating in the Component's NAFI retirement plan, terminates employment (for reasons other than retirement) and is employed by another DoD Component NAFI within 90 calendar days, and the gaining NAFI offers a different retirement plan, the employee may carry forward his or her credited service accrued for retirement annuity purposes. The reemployed employee shall carry forward all prior credited service as accrued up to the date of termination or subsequent termination. (This provision may not apply to a part-time employee who is reemployed by a gaining NAFI, when the gaining NAFI does not otherwise cover part-time employees.)

b. Upon retirement from the gaining DoD Component NAFI, the employee's retirement annuity shall be the same as if the entire period of combined creditable RFT NAFI service had been creditable under the gaining DoD Component NAFI retirement plan. The retirement annuity so determined under the gaining NAFI retirement plan shall then be reduced by the amount or amounts that would be payable under the losing NAFI retirement plan or plans. When an employee terminates employment with the losing NAFI before becoming vested, the employee will not be entitled to any benefits from the losing NAFI, except for a withdrawal of his or her own contributions. However, credited service rendered for the losing NAFI shall be carried forward and counted when determining the employee's accrued benefits and shall further be counted in determining the employee's position on the vesting schedule of the gaining NAFI retirement plan. However, the portion on the vesting schedule is not applicable for determining any eligibility for a disability annuity, as the requirements for such vesting are those of the gaining NAFI's retirement plan only. When such terminated employee withdraws his or her contributions before becoming vested, the retirement benefits due from the gaining NAFI plan shall be reduced and offset by the amount as specified in subparagraph B.4.b.(4), below.

(1) The retirement annuity for such an RFT NAFI employee shall be computed using the gaining NAFI's retirement plan computation. It shall be based on all accrued credited service as rendered under the prior DoD Component NAFI employee retirement plan or plans, plus all service creditable under the gaining DoD Component's NAFI retirement plan or plans. The losing DoD Component NAFI shall transfer such data as required to the gaining NAFI in accordance with paragraph B.4.b., above. The gaining DoD Component NAFI shall disregard any service rendered in a part-time capacity, if such service is not otherwise credited for its own part-time employees.

#Third Amendment (Ch 7, 11/28/83)

(2) The resultant annuity, based on all credited service (including service rendered before the employee became vested) shall be offset by the amount or amounts which would be payable under the losing DoD Component NAFI retirement plan or plans, at age 62, without regard to whether the employee has or has not withdrawn his or her prior contributions and after application of the social security offset. If the employee is 62 at the time of termination from the losing DoD Component NAFI, the amount of the offset shall be that amount which would be payable if the employee had retired and commenced immediate receipt of the annuity at the time of that termination.

(3) For purposes of determining the offset mentioned in subparagraph B.4.a.(2), above, the annuity amount accrued during the prior periods of employment shall be as reported in accordance with subparagraphs B.4.b.(3) or b.(4), below. The actual calculation shall be based upon the annuity formula in effect at the time of termination of employment from the prior DoD Component NAFI. In calculating this annuity, the social security offset shall be applied as of the date of termination. To the extent that an employee was not vested at his or her prior termination date from a losing NAFI, the annuity amount for which the losing NAFI shall be liable, assuming such employee withdrew his or her contributions, shall be equal to zero. However, as stated in paragraph B.4.a., above, credited service shall be carried forward and counted when determining the employee's accrued benefits with the gaining NAFI, subject to the offset provided in subparagraph B.4.b.(4), below.

(4) When an employee was not vested at his or her prior termination from a losing NAFI and when such terminated employee withdraws his or her prior contributions, the gaining NAFI shall reduce benefits otherwise due by an offset. The offset shall be equal to the annuity amount which the employee's own contributions would have been sufficient to fund for him or her, assuming such contributions had continued on deposit since initially contributed.

c. In the case of each affected, or potentially affected, employee, it is the responsibility of the gaining DoD Component NAFI retirement plan administrator to request from the counterpart losing DoD Component retirement plan administrator or administrators, a statement setting out:

(1) The employee's name (last, first, M.I.), social security number, date of birth, beginning and ending periods of NAFI RFT employme employment, and number of years (including partial years) of accrued cr service for annuity accrual purposes under the losing DoD Component's ' retirement plan.

(2) The salary or wage history of the employee, incluc explanation of the years used in calculating average compensation u the annuity calculation is based.

(3) The actual calculation of the resultant accrued anr amount, assuming commencement of such benefit at age 62. If a termi employee previously withdrew his or her employee contribution, two s calculations shall be provied as follows:

(a) The annuity such participant would have receiv he or she left all employee contributions in the plan (this amount s represent the amount of the actual offset to such gaining NAFI retir plan).

(b) The annuity amount actually due such employee, if any, and the date benefits are scheduled to commence.

(4) If a terminated employee was not vested at his or her termination date, the losing NAFI shall specify the annuity amount that the employee's own contributions would have been sufficient to fund for him or her, assuming such contributions had continued on deposit since initially contributed. In addition to providing the amount that would have been available under this subparagraph, the losing NAFI shall further specify to the gaining NAFI whether or not a benefit is actually due for contributions not previously withdrawn.

d. It is the responsibility of the losing DoD Component NAFI retirement plan administrator to provide promptly the above data upon request. If prior knowledge indicates that the data is needed, the losing NAFI shall furnish any data necessary to provide full and fair disclosure to the gaining NAFI. In the event a terminated employee was not vested at the time of termination, the losing NAFI shall provide the information required in subparagraphs B.4.b.(1) and (4), above.

e. The gaining DoD Component NAFI retirement plan administrator shall record the applicable employee statistics as supplied in subparagraphs B.4.b.(1) through (4), above, in the affected employee's retirement plan records and apply the offset when retirement annuity payments commence. If retirement benefits are to commence before age 62, the gaining NAFI shall actuarially reduce the amount of the offset (to be applied from the losing NAFI or NAFIs) so as to reflect the early payment of benefits.

f. The gaining NAFI shall notify the losing NAFI or NAFIs of the employee's actual retirement date and the date annuity benefits are to commence. Under standard practice, an employee shall be eligible to withdraw his or her own contributions from the losing NAF retirement plan but such employee shall not be eligible to receive his or her retirement benefits from the losing NAFI retirement plan or plans until actual retirement from the gaining NAFI.

g. The above portability provision shall not apply to a terminating employee who is eligible and has since commenced receiving, or is about to receive, a retirement annuity from the losing NAFI plan. In this event, the employee shall be considered a new employee with the gaining DoD Component NAFI.

h. The losing NAFI shall not transfer, nor shall the gaining NAFI require the transfer of any pension assets to accomplish the intent as outlined here.

C. SURVIVOR BENEFITS

Survivor benefits may be provided in one or more of the following forms:

1. Survivor's Annuity on Death of Employee

a. Eligibility. If an employee dies while employed, and after completion of at least 60 months of credit NAFI service, an annuity shall be pay-

able to the surviving spouse. The spouse must have been married to the employee for at least 1 year immediately preceding the employee's death or be the parent of a child born of the marriage.

b. Amount of Survivor Annuity on Death in Service. The amount of the survivor annuity payable to an eligible surviving spouse shall be 55 percent of the greater of the amounts determined under subparagraphs C.1.b.(1) or (2), below, minus (3), below:

(1) The annuity formula - without reduction for age of employee at time of death.

(2) The lesser of the amounts determined under subparagraphs C.1.b. (2)(a) or (b) below:

(a) Forty percent of the employee's "high-3" average compensation.

(b) The annuity formula after increasing credited service by the period from the employee's date of death to age 60.

(3) One hundred percent of any surviving spouse's benefit currently payable under the Social Security Act.

c. The amount of survivor annuity shall be adjusted upon commencement, cessation, or recommencement of a surviving spouse's benefit under the Social Security Act. The amount of the survivor's Social Security income award shall be applied automatically as an offset when the surviving spouse becomes 60 years old or, if later, upon the death of the employee without regard to whether the surviving spouse actually elects to commence receipt of it. The amount may not be adjusted because of changes in the social security benefits created by an amendment to the Social Security Act or by automatic increases in social security benefits reflecting increases in the Consumer Price Index.

d. Duration of Payment of Survivor Annuity Following Death in Service. The surviving spouse's annuity payments are payable as of the 1st day of each month following the employee's death. Payments shall continue until the last monthly payment before the earlier of the following dates:

(1) The date of death of the surviving spouse.

(2) The date of remarriage of the surviving spouse if such marriage occurs before age 60.

e. Conditions for Termination and Recommencement of Survivor Annuity (Death in Service). A survivor annuity that is terminated because of remarriage before age 60 may again become payable if the remarriage is terminated by death, annulment, or divorce and if the surviving spouse repays any lump-sum benefit that was paid upon termination of the annuity. Such repayment may be made by withholding the annuity payable until the lump-sum benefit paid is satisfied.

2. Survivor's Annuity on Death of Annuitant After Retirement

a. Eligibility

(1) If an employee is married when he or she retires, unless the employee elects not to provide for a surviving spouse annuity, his or her annuity is automatically reduced actuarially and a survivor annuity shall be payable to the surviving spouse. A plan may provide for a uniform 10 percent reduction instead of an actuarial reduction.

(2) If an employee is not married when he or she retires, the employee may elect an annuity with a survivor benefit provided proper medical authority recommends to the head of the DoD Component that the employee is in good health for his or her age. In such event, the employee's annuity shall be reduced actuarially and an annuity shall be payable to the child (or children) or another person having an insurable interest designated by name.

b. Amount of Survivor Annuity (Death After Retirement). The amount of the survivor annuity shall be 55 percent of all or any of the portion of the employee's annuity which he or she elects or accepts as a basis for the survivor benefit, calculated as follows:

(1) If the employee retires at or after age 62, the amount payable to the surviving spouse shall be 55 percent of the portion of the employee's annuity elected as the basis for surviving spouse annuity. This 55 percent factor shall be calculated against the applicable portion of the employee's annuity before the 10 percent or actuarial reduction is made so as to provide for survivor annuity as prescribed in paragraph C.2.a., above.

(2) Upon retirement before age 62, the employee may designate all or any portion of his or her temporary and lifetime annuity as the basis for surviving spouse annuity. (Temporary annuity is the amount that shall be paid only until the employee attains age 62, at which time the social security offset becomes applicable. Lifetime annuity is the amount that shall continue to be paid after the employee attains age 62.)

(a) If the employee should die before attaining age 62, the surviving spouse annuity shall be reduced (as of the 1st day of the month coincident with, or immediately following the date on which the employee would have attained age 62) by 55 percent of the amount of social security offset that would have been applied to the employee's annuity had the employee lived to age 62.

(b) If the employee dies after age 62, at which time his or her own annuity shall have been reduced by discontinuance of the temporary portion, the surviving spouse annuity shall be 55 percent of the employee's lifetime annuity.

(3) When the employee does not have a spouse and elects an annuity with a survivor benefit to a child (or children) or other named person having an insurable interest, the annuity for the designated survivor (or the annuity to be divided among two or more designated children) shall be 55 percent of all or any portion of the employee's lifetime annuity that he or she elects as a base for the benefit remaining after the reduction for the survivor annuity.

(a) In the event of early retirement (that is, before age 62) and when the retirement plan provides for social security offset, the survivor annuity shall be calculated at 55 percent of the applicable portion of the employee's lifetime annuity (that is, the amount of the employee's annuity that would be payable after application of the social security offset at age 62, regardless of whether the employee dies before or after age 62).

(b) If two or more children have been designated by name, the total amount of survivor annuity payable shall be proportionately reduced upon the death of one or more of those designated who were living on the date the employee's retirement annuity became payable, whether such death occurs before or after the death of the employee.

(4) If the death of a disability annuitant occurs, the surviving spouse benefit shall equal 55 percent of the elected portion of the employee's annuity before social security offset, less 100 percent of any surviving spouse's benefit payable under Social Security. (A disability annuitant may designate only a spouse for survivor annuity.)

(5) When the employee's annuity is computed on a basis other than the annuity formula reduced by the social security offset (see subsection B.3., above), in the case of a provision for the surviving spouse annuity, the computation of the 55 percent shall be applied to the annuity before the 10 percent or actuarial reduction, and in the case of a provision for a child (or children) or other named person, after application of that reduction.

3. Lump-Sum Death Benefit. This benefit applies only when the employee's contributions with interest exceed the annuity paid or payable.

a. Amount. The amount of any lump-sum death benefit when an annuity is not payable, shall be equal to subparagraph C.3.a.(1) minus (2), below:

(1) The employee's contributions to the plan, with interest, to the earliest of the 1st day of the month in which the employee's death occurs, or the date annuity payments become payable to the employee.

(2) The sum of all annuity payments made to the employee or a survivor, whether the survivor is a surviving spouse or children designated by name or another person having an insurable interest.

b. Events Warranting Lump-Sum Payment. A lump-sum death benefit, if any, becomes payable on a date determined as follows:

(1) When no survivor annuity is payable, the date of death of the employee.

(2) When a survivor annuity is payable, the date of death of the last survivor to whom an annuity is payable or, if earlier, the date on which a survivor annuity ceases because of remarriage before age 60.

(3) When a surviving spouse would qualify for a survivor annuity upon or after the death of an employee, but no survivor annuity would be payable

because the social security benefit provides the full amount or more, a lump-sum death benefit shall be payable to the spouse. In such circumstances, if a survivor annuity becomes payable at a later date because of cessation of social security benefits, the survivor shall be required to refund the amount of any paid lump-sum death benefit. Repayment may be made by withholding the annuity payable until the paid lump-sum benefit is satisfied.

D. DISABILITY BENEFITS

1. Amounts. The amount of the disability benefit shall be equal to the greater of the amounts determined under paragraphs D.1.a. or b. minus c., below:

a. The annuity formula - without reduction, regardless of the employee's age.

b. The lesser of the amounts determined under subparagraphs D.1.b.(1) or (2), below:

(1) Forty percent of the employee's "high-3" average compensation.

(2) The annuity formula after increasing credited service by the period from the employee's date of separation for disability to age 60.

c. One hundred percent of any benefit that the employee is entitled to under the Social Security Act, provided that on or after the date the employee attains age 62, this amount shall be no less than 12 times the monthly primary insurance amount for the employee as of the date the employee attains age 62.

2. Recomputation. The amount of the disability annuity shall be recomputed whenever social security benefits payable to the employee commence, cease, or recommence. The amount shall not be recomputed or adjusted on account of changes in the Social Security Act or by automatic increases in social security benefits reflecting increases in the Consumer Price Index.

3. Duration. Disability annuity payments shall continue, provided the employee remains totally and permanently disabled, until normal retirement annuity payments begin. When the employee reaches normal retirement age, he or she may elect to continue on disability annuity or receive a regular retirement annuity instead.

E. TERMINATION OF EMPLOYMENT OR CHANGE IN EMPLOYMENT STATUS

The following options are available to an employee when, for any reason other than death, his or her service is terminated before a normal or earlier retirement, or the employment status is changed so that the employee is ineligible to continue to participate in the retirement plan.

1. Option A. An employee may have all his or her contributions returned; and, in addition, if the employee has been employed for 3 full years, for which he or she has made contributions, such employee shall receive interest on these contributions. No interest is payable for an employee who terminates before completing 3 full years of credited service.

2. Option B

a. An employee who has completed more than 5 years of credited service but is still under age 30, may leave his or her own contributions in the plan and later receive an annuity commencing on his or her normal retirement date, if the employee is then living, in the amount that the employee's contributions have been sufficient to purchase for him or her.

b. An employee who has completed 5 or more years of credited service and has attained the age of 30 shall receive an annuity at normal retirement age based on his or her and the employer's contributions.

c. If the amount of annuity payable would be $600 per year, or less, a one-time lump-sum payment of equivalent actuarial value may be made instead.

d. An employee who has elected Option B may elect to have his or her annuity begin on the 1st day of any month during the 10-year period immediately preceding his or her normal retirement date. In this case, however, the employee's annuity shall be reduced at the rate of one-third of 1 percent for each month (4 percent each full year) by which the elected annuity commencement date precedes age 62.

F. GROUP LIFE INSURANCE

Life insurance shall be provided in an amount equal to an employee's annual pay rounded to the next higher thousand plus $2,000.

G. ACCIDENTAL DEATH AND DISMEMBERMENT

This coverage shall be furnished in an amount equal to the life insurance coverage subject to the customary schedules for dismemberment and the usual exclusions, including physical or mental infirmity or disease, ptomaine or bacterial infection, medical or surgical treatment (unless made necessary by a covered injury), suicide, or intentionally self-inflicted injury or war or any act of war.

H. COMPREHENSIVE MEDICAL EXPENSE

1. Comprehensive Medical Expense Benefits. Comprehensive medical expense benefits cover medical expenses that result from serious or prolonged disabilities as well as from ordinary injuries or diseases, regardless of the number of injuries or diseases suffered. Benefits shall not only be payable for expenses arising in the hospital but also for medical charges that are not a part of the hospital bill.

2. Amount of Benefits. The amounts of benefits shall be:

a. One hundred percent of the first $1,000 of allowable hospital expense incurred in any calendar year, plus 80 percent of the amount in excess of a deductible $100 (see subsection H.3., below).

b. Eighty percent of reasonable and customary surgical expenses incurred in any calendar year, in excess of a deductible $100 (see subsection H.3., below).

c. Eighty percent of other medical expenses in excess of a deductible in any calendar year. However, for excess expenses which are for it of a mental or nervous disorder while not confined in a hospital as ient, the benefit shall be 50 percent.

Deductible. A deductible of $100 in each calendar year shall be applied insured employee and dependent before "other medical expenses" qualify. mum family deductible shall be $300 per calendar year.

Lifetime Benefit. The amount of the lifetime benefit coverage for all covered medical expenses combined shall be $25,000. This lifetime amount separately to each insured family member.

Restoration. On January 1 of each year, each insured family member who iously received benefits shall be entitled to an automatic restoration benefits to bring the lifetime amount to $25,000, subject to a maximum ion amount per year of $1,000.

Coordination With Other Benefits. The medical expense benefits program ned to help meet the cost of disease or injury. Since it is not in- hat greater benefits be received than the actual medical expenses , the amount of benefits payable under the program shall take into any coverage a family member has under other group plans; that is, the under this program shall be coordinated with the benefits of the other ans.

Maternity Expense Benefits. The medical expense benefits program shall ternity expense benefit for female employees and wives of employees egnancies commence while insured as follows:

. One hundred percent of the following first-dollar-covered medical

(1) $400 in connection with the delivery of a child or children it of the hospital).

(2) $800 in connection with a Caesarean operation or ectopic .

(3) $200 in connection with a miscarriage.

. After the above benefit and a separate maternity deductible of $300, t of covered medical expenses are payable.

. The benefits described in paragraph H.7.a., above, do not count he lifetime benefit. The benefits described in paragraph H.7.b., count against the lifetime benefit.

ffect of Medicare. The effect of Medicare will be as outlined in Sections d 116(b) of Pub. L. 97-248, or 42 CFR Part 405 issued by the Health Care Administration (HCFA), HHS. Basically, heads of DoD Components shall employees age 65 through 69 the same group health plan coverage under conditions as is offered to NAF employees under age 65. Also, Medicare are secondary to benefits payable by NAFI group health plans, in the case ed beneficiaries age 65 through 69 and their spouses age 65 through 69.

9. Dependents. The following categories of dependents shall be eligible for coverage under the comprehensive medical benefits programs:

a. The employee's spouse and unmarried children from 14 days of age to their 19th birthday.

b. Unmarried children under age 23 who are full-time students and who receive over 50 percent of their support from the employee.

c. The term "children" shall include, in addition to the employee's own children, stepchildren, foster children, and other children who are dependent upon the employee for support and live with the employee in a regular parent-child relationship. Further, if a child is mentally or physically incapable of earning his or her own living, coverage can continue without regard to age as long as the incapacity continues.

I. CONVERSION PRIVILEGES

When by reason of termination or other change in his or her employment status, an employee is ineligible to continue to participate in the group life insurance or group medical plan, conversion privileges to individual life policies or individual medical expense policies shall be made available, in accordance with the conditions of the insurance policy in force. Life insurance and medical expense policies, if converted to individual policies within 31 calendar days of termination of the group life or group medical plan coverage, shall be issued without medical examination and at the insuring company's or companies' regular rates for individual life insurance or medical expense benefits plans. The whole cost of such insurance shall be borne by the insured. The conversion privilege for medical expense benefits shall be limited to coverage in the United States and may not be made available to any individual who is, or ever has been, eligible for medicare.

J. RETIRED BENEFITS

The following insurance benefits shall be provided eligible retired employees at no cost to the employee after retirement:

1. Life Insurance

a. Eligibility. When an employee retires at normal retirement date (age 62), or thereafter, with at least 5 years of credited service, and with 15 or more years of accumulated participation in the group life insurance program for active employees, he or she shall be eligible for the group life insurance program for retired employees on the date retired, provided the employee was insured under such program on the day before retirement.

b. Amount. Upon retirement on or after age 62, an amount of group life insurance shall be continued, based on the amount of life insurance in force on the day before retirement, until attaining age 65. Upon attainment of age 66, the amount of life insurance shall be reduced by 25 percent or the amount in force just before attaining age 65. It shall be reduced thereafter by a further 25 percent on each of the 67th and 68th birthdays and it then shall remain at 25 percent of the amount of insurance in force just before attaining age 65.

2. Comprehensive Medical Expenses. Retired employees who retire on or after age 62, and their dependents, shall be provided continued medical coverage until the retiree attains age 65 or, if earlier, becomes eligible for medicare, subject to the same eligibility requirements that apply to retired life insurance.

APPENDIX D

POSITION CLASSIFICATION REVIEW AND APPEAL PROCEDURES FOR ADMINISTRATIVE SUPPORT, PATRON SERVICES AND UNIVERSAL ANNUAL POSITIONS

A. COVERAGE

These procedures apply to NAF employees in the Administrative Support (AS), Patron Services (PS), and Universal Annual (UA) categories who are subject to the provisions of DoD Instruction 1401.1.

B. POSITION REVIEW SYSTEM PROCEDURES

1. The Right to Appeal. Under the position classification review and appeals system, an employee may request a review of the grade, title, or series assigned to his or her position. The job standards, position description accuracy, pay rate, or wage schedule rate are not subject to a review or appeal procedure.

2. Position Description (PD) Accuracy

a. Dissatisfaction with a PD should be resolved locally through review and grievance procedures. In such cases, any objections the employee may have to the PD shall be taken into consideration provided the appeal file includes documentation that the employee's dissatisfaction has been considered and a decision rendered under the provisions of V.A.4. A decision based on these considerations shall be made within the 60-day time limit established in paragraph B.3.b.

b. If the accuracy of the PD cannot be resolved, the appropriate DoD Component Headquarters or Commander, AAFES, shall decide the request for classification review on the basis of the actual duties required to be performed on a continuing basis.

3. DoD Component Review System. Each DoD Component shall establish a system that facilitates a timely review of employees' applications for position classification reviews. The provisions of this system shall be published and made available to NAF AS, PS, and UA employees, their representatives, and recognized labor organizations. The DoD Component review procedures must provide for:

a. One review level only within the DoD Component before the final decision is issued. This level shall be above the position classification authority level, which took the action for which review is requested.

b. When a decision is not issued by the DoD Component review authority within 60 days from the date the employee filed the application for review, the employee may request that a higher Component-level assume jurisdiction. When no higher Component-level exists, the employee may submit the application for review to the office of DoD NAF Personnel Policy.

c. The DoD Component shall base the decision on the record, in writing, and advise the employee when the request is not sustained of his or her further right of appeal to the office of DoD NAF Personnel Policy. In addition, the decision shall include an analysis of the employee's job compared with appropriate DoD NAF Job-Grading Standards for AS and PS positions; and DoD and OPM Positions Classification Standards for UA positions. If the decision sustains the employee's application, and corrective action is necessary, the effective date of change in the grade of the job shall be specified in the Component decision, and shall not be later than the first day of the first pay period, beginning after the 60th day from the date the application was filed.

d. When a classification action results in a change to a lower grade or loss in pay, the DoD Component shall notify the affected employee promptly, * in writing, of its decision and the effective date. The normal effective date * of a change in pay because of a grading or regrading of a position is the date * the action is approved in the agency, or a later date specifically stated. * However, the effective date may not be later than the beginning of the first * pay period which begins after the 60th day from the date of the classification action that results in a change to a lower grade or loss in pay. The * notice shall advise the employee about his or her right of review by the Component authority and right of appeal to the DoD NAF Personnel Policy Office. Additionally, the notice shall specify that to be entitled to * retroactive corrective action, the employee must request review within 15 calendar days of the effective date of the change to a lower grade or loss * of pay. *

e. An employee filing an application for review under the DoD Component or DoD appeals system has the right to be represented and advised by a representative of his or her own choosing, and to take a reasonable amount of official time to present the application. An employee who submits an application for review and the employee's representative shall be free from restraint, interference, coercion, discrimination, or reprisal because of his or her participation in the review system.

C. APPLICATION FOR REVIEW

1. Content of Application. An employee's application shall be in writing and shall clearly state the reasons the employee believes his or her job is erroneously classified. The application shall include:

a. Full name and mailing address.

b. Location and organizational designation of employment.

c. Present title, series, and grade.

d. Requested title, series, and grade.

e. A statement of facts that the employee believes may affect the classification of the position.

2. Employee Responsibilities. The employee shall furnish any additional facts promptly that may be requested by the DoD Component review authority or the office of DoD NAF Personnel Policy.

3. Time Limit for Filing Application. An employee may file an application for review at any time. However, when the application involves a reduction in grade or loss of pay, it must be filed in a timely manner as in paragraph B.3.d. of this appendix. This time limit may be extended if the employee can show that he or she was not notified of the time limit, was not aware of it, or was prevented by circumstances beyond his or her control from filing an application within the prescribed time limit.

4. Cancellation of Application. An employee's application for review or appeal under the DoD Component or DoD appeals system shall be canceled immediately when:

a. The employee requests the termination of his or her application. This request must be in writing.

b. It is learned that the employee is no longer in the job that was the subject of the application, except when the employee is entitled to retroactive benefits, including benefits allowable after the death of the employee.

c. An employee fails to prosecute or furnish required information promptly.

D. POSITION CLASSIFICATION APPEALS REVIEW FILE

Each DoD Component is responsible for maintaining a position classification review file that shall constitute the review record. This record may not contain any information that is not made available to the employee. This review file shall include:

1. An individual PD in which the duties are certified as being accurate. (If this cannot be accomplished, documentation of disputed duties and responsibilities shall be attached to the official PD.)

2. Pertinent organizational charts reflecting the location of the position.

3. An analysis and evaluation of the duties and responsibilities of the employee, as compared with appropriate standards, and a copy of the review decision.

4. Component recommendations or any supplementary information bearing on the employee's duties and responsibilities.

E. APPLICATION FOR APPEAL

1. The employee or his or her designated representative may file an appeal with the office of DoD NAF Personnel Policy after completing the DoD Component review level, except as outlined in paragraph B.3.b. of this appendix. The employee shall file the appeal within 15 calendar days of the date of receipt of

the Component's decision and the appeal shall specify which part of the decision the employee disagrees with. The time limit may be extended as outlined in subsection C.3. of this appendix.

2. All decisions shall be based on the record established by the DoD Component's review of the employee's application, and by any pertinent information provided by the employee. However, the office of DoD NAF Personnel Policy may audit the job and take the results of the audit into account in reaching its decision. An employee has no right to have a representative present at a desk audit conducted by the office of DoD NAF Personnel Policy.

3. The office of DoD NAF Personnel Policy shall notify the employee and DoD Component, in writing, of its decision. If this office sustains the employee's application, the effective date of the change in classification of a position shall not be earlier than the date of the decision and not later than the beginning of the first pay period which begins after the 60th day from the date the application was filed, except when a later date is specifically provided in the decision. An appeal decision that corrects a downgrading or loss of pay retroactively shall require correction of records and supplemented salary payments. If the decision of this office sustains any other change in classification, such corrective action shall be implemented and effective no later than 60 days after receipt of the written final decision by the DoD Component. An appeal decision that results in a downgrading or loss of pay shall require corrective action consistent with the provisions of NAF personnel regulations.

F. APPEAL DECISION

The decision of the office of DoD NAF Personnel Policy is binding on all administrative certifying, payroll, disbursing, and accounting officers within DoD NAF activities. The decision is final and the employee has no further right to an administrative appeal.

HOW TO CONTACT THE OFFICE OF DOD NAF PERSONNEL POLICY:

IN WRITING: DoD NAF Personnel Policy
* 801 N. Randolph Street
* Room 1205
* Arlington, Virginia 22203

TELEPHONE: Autovon 226-4539/4969
Commercial 202-696-4539/4969

#Second Amendment (Ch 4, 4/28/83)

APPENDIX E

NAF PAY ADMINISTRATION[1]
(Hourly Paid Employees)

A. GENERAL

1. Purpose. This appendix supplements and complements governing pay policies and procedures prescribed by the Office of Personnel Management (OPM) in FPM Supplement 532-2, subchapter S8, NAF Pay Administration. While subchapter S8 applies only to Nonappropriated, Nonappropriated Leader, and Nonappropriated Supervisor (NA-NL-NS) positions and employees (that is, "prevailing rate," Crafts and Trades (CT)) in accordance with the provisions of this manual, instructions contained in subchapter S8 have been made generally applicable to Administrative Support (AS) and Patron Service (PS) positions and employees. "Generally applicable" means that the legal requirements and policies enunciated by OPM and which also incorporate appropriate Comptroller General decisions for NAF "prevailing rate" positions shall also apply to AS and PS categories. Appendix B. of this manual provides guidance concerning pay policies and procedures for Universal Annual (UA) positions and employees.

2. Responsibility. DoD Components shall integrate the instructional and explanatory material in this appendix into their internal NAF pay administration directives.

3. Format. The clarification and examples are numbered and lettered, with pertinent headings also provided for easy reference to the corresponding sections of FPM Supplement 532-2, subchapter S8, and they should be reviewed when the provisions of that document are being applied.

4. Future Amendments. As additional clarification of FPM Supplement 532-2 of subchapter S8 and related instructions become warranted, the appendix will be amended.

B. SECTIONS OF SUBCHAPTER S8 CLARIFIED

S8-1. GENERAL

a. Introduction. For purposes of subchapter S8 and this appendix, the term "lead agency" means the DoD Wage Fixing Authority.

b. Agency Responsibility. "Agency" as used in this appendix includes DoD Components, as defined in this manual. Unless authority is delegated to subordinate levels, component headquarters are responsible for (1) defining the period of seven consecutive calendar days which make up each employee's administrative workweek, and (2) determining each employee's basic workweek. (See definitions of these terms under section S8-2.)

[1] TO BE USED ONLY IN CONJUNCTION WITH FPM SUPPLEMENT 532-2, S8.

S8-2. DEFINITIONS

a. (2) Scheduled Rate of Pay. This is any rate corresponding to the appropriate grade and step on the NA, NL, NS, AS, or PS wage schedules issued by the DoD Wage Fixing Authority, including a retained rate of pay when applicable.

(3) Employee

- NAF Prevailing Rate Employee. This term is used interchangeably with the term "NAF Crafts and Trades" employee. An employee of a DoD NAFI who is employed in a recognized craft or trade or other skilled mechanical craft or in an unskilled, semiskilled, or skilled manual labor occupation, and any other individual, including a foreman and a supervisor, in a position having craft, trade, or laboring experience and knowledge as the paramount requirement.

- In chapter III of this manual the definition of "employee," as used in subchapter S8, has been extended administratively to include:

1 Administrative Support (AS) Employee. This category includes those employees who perform clerical, secretarial and administrative work which is of an office or nonmanual nature and which is paid on an hourly pay schedule.

2 Patron Services (PS) Employee. This category includes those employees who perform work requiring skill and knowledge in the sale of food and retail merchandise, and the provision of personal, recreational, and amusement services, as well as a variety of other morale support activities. They are paid on an hourly pay schedule.

- The term "nonwage," where used, means Universal Annual.

(6) Highest Previous Rate. For the purpose of setting rates for employees in NAF positions, the term "highest previous rate" will include those pay rates previously paid to employees in AS, PS, or UA positions, in addition to NA, NL, and NS positions.

(7) Representative Rate. The term "General Schedule," as used in this definition, also means the UA schedule.

(8) Promotion. The term "General Schedule," as used in this definition, also means the UA schedule.

(9) Change to Lower Grade. The term "General Schedule," as used in this definition, also means the UA schedule.

(14) Premium Pay. This term means additional compensation for overtime work, Sunday work, and standby duty, as well as callback overtime work and holiday work.

(17) Basic Workweek. An employee's basic workweek, as defined, shall always be scheduled in advance of the 1st day of the administrative workweek within which it shall occur.

(19) Overtime Work. In addition to the regular definition of overtime work contained in subchapter S8, under the Fair Labor Standards Act (applicable only to "nonexempt employees"), overtime work separately means any hours worked, whether scheduled, ordered, or "suffered or permitted," that exceed a total of 40 hours of actual work performed in a week. (See paragraph S8-4b., for further discussion.)

(23) Night Shift. Regularly scheduled nonovertime work when a majority of the whole hours of such work occur between 3 p.m. and midnight (second shift), or between 11 p.m. and 8 a.m. (third shift).

S8-3. APPLICATION OF PAY RATES TO NAF WAGE EMPLOYEES

NOTE: Whenever reference is made to GS rates under section S8-3 that reference also means UA rates.

a. Rates payable. Reference to "each employee occupying a wage job" applies equally to employees occupying AS and PS positions. (However, for grade and pay retention determinations, refer to (1) FPM Supplement 990-2, Book 536; FPM Supplement 990-1, Chapter 53 and Title 5, part 536; and FPM 536 bulletins and letters for instructions applicable to federal wage (CT) employees, and (2) Chapter III, subparagraphs B.2.d.(1)(b) and B.2.d.(2)(c) of this Manual for instructions applicable to AS, PS, and UA employees.) *

b. New appointments

(1) Appointments above minimum rates in recognition of special qualifications. DoD NAFIs may exercise the authority contained in this paragraph.

(2) Appointments above minimum rates for jobs in specific hard-to-fill occupations. The term "federal wage schedule," as used in this subparagraph, includes NA, NL, NS, AS, and PS wage schedules. A particular finding that a local NAF activity cannot recruit at the minimum rate may be based on a study by the Department of Defense, a DoD Component, or any local installation that has NAF employees.

(3) The term "lead agency," as used in this subparagraph, means DoD Wage Fixing Authority.

c. Position or appointment change. DoD NAFIs may exercise the author provided under this paragraph to set an employee's step rate based on his or h "highest previous rate," but only in connection with those personnel actions identified within the paragraph. (See paragraph e., below, for an illustration of the computation and application of the highest previous rate rule.)

e. Computation of highest previous rate

(5) The following is intended to illustrate subparagraph S8-3 e.((Note: Although the example below uses NA grades, the same principle also app to NL, NS, AS, and PS grades.)

#First Amendment (Ch 4, 4/28/83)

EXAMPLE

An employee in New York, NA-8 Step 1, was reemployed in Washington, D.C., at the NA-7 grade level. Pertinent wage schedule rates are as follows:

		STEP RATES				
		1	2	3	4	5
NEW YORK	NA-8	$3.91*	$4.07	$4.23	$4.40	$4.56
WASHINGTON, D.C.	NA-8	$3.76	$3.92	$4.08	$4.23	$4.39**
WASHINGTON, D.C.	NA-7	$3.57	$3.72	$3.87	$4.02	$4.17**

* Previously earned rate
** Current rates in the wage area where the employee is being employed

Steps to be followed:
Compare the NA-8, step 1 rate ($3.76) in Washington, D.C., with the employee's previous earned rate ($3.91). In this instance, the previous earned rate is the higher; therefore, this rate is the employee's highest previous rate. Thus, the employing DoD NAFI may pay this employee at any rate of the grade NA-7 (the grade at which reemployed) that does not exceed the fourth step rate. (Since the employee's highest previous rate ($3.91) falls between two steps of the grade NA-7 (steps 3 and 4), the employee shall be paid at a rate that does not exceed step 4.) In no case shall an employee be paid more than the top step of the grade in which reemployed, irrespective of the employee's highest previous rate.

(Note: An NAF employee has no vested right on reemployment to receive his or her highest previous rate of pay. It is within the administrative discretion of the designated official with delegated authority to fix the employee's rate at the minimum step rate of the grade, or at any step rate in between. However, a DoD Component may adopt a policy of always using the highest previous rate, or requiring that an employee on reemployment shall be placed at the first step rate of the grade.)

(6) For purposes of this subparagraph, the term "General Schedule" also means Universal Annual schedule.

f. Effective date. (1) Normal. The term "agency," as used in this paragraph, means DoD Component or any subordinate entity to which authority has been delegated. The effective date referred to in the paragraph shall normally be the 1st day of the 1st pay period after the action is approved.

g. Administrative error. The term "agency administrative policy," as used in this paragraph, refers to the published policy or clearly established, consistent practice of a given DoD Component, or any subordinate entity to which authority has been delegated.

*U.S. GOVERNMENT PRINTING OFFICE: 1983-406-299 Region 4.

S8-4. NIGHT SHIFT DIFFERENTIAL AND PREMIUM PAY

a. General. Ther term "premium pay," as used in this subsection, refers to additional compensation for overtime, holiday, and Sunday work, as well as for standby or on call duty and callback overtime work.

NOTE: For purposes of all premium pay computations under S8-4, where there is a reference to payline rate or representative rate, the employee's actual grade and step are to be used. (For example, see discussion under S8-4b.(8) below.)

b. Overtime pay. Entitlement to overtime pay is authorized in accordance with the provisions of 5 U.S.C. as described in FPM Supplement 532-2, section 58-4, and amplified in this appendix. However, consideration also must be given to the overtime provisions of the Fair Labor Standards ACT (FLSA), as prescribed in FPM Letters, 551 series. (Employees covered by FLSA are referred to as "nonexempt". Such employees are entitled to overtime pay under whichever legal authority provides the greater benefit.)

NOTE: Subchapter S8 only speaks to the overtime provisions of title 5. Therefore, the examples regarding overtime, which follow, illustrate overtime pay entitlements strictly under those provisions. The examples do not apply to any FLSA overtime entitlements. Since nonexempt employees are entitled to whichever is the greater overtime pay benefit, as provided by either law, it is necessary to carry out dual calculations in order to make that determination. Examples of such dual calculations are contained in FPM Letters, series 551.

(3) Work exceeding 8 hours in a day. The following examples are intended to illustrate the pay entitlements authorized by this subparagraph;

EXAMPLE I

Four 10-hours days. Employee works from 7:00 a.m. to 6:00 p.m. Tuesday through Friday.

Computation

	Compensable hours							
	S	M	T	W	T	F	S	Total
Scheduled hours			10	10	10	10		40
Basic rate (scheduled rate plus environmental shift differentials, if applicable).			8	8	8	8		32
Overtime rate (one and one-half times the basic rate).			2	2	2	2		8

EXAMPLE II

Four 9-hour days and one 4-hour day. Employee works from 7:00 a.m. to 5:00 p.m. Tuesday through Friday and 7:00 a.m. to 11:00 a.m. on Saturday. Employee has a 1-hour meal period Tuesday through Friday, none on Saturday. Overtime pay is computed as follows:

Computation	Compensable hours							
	S	M	T	W	T	F	S	Total
Scheduled hours			9	9	9	9	4	40
Basic rate (scheduled rate plus environmental/night shift differentials, if applicable).			8	8	8	8	4	36
Overtime rate (one and one-half times the basic rate).			1	1	1	1		4

(7) Computing overtime pay for night work

(a) The following examples are intended to illustrate the pay entitlements authorized by this subparagraph:

EXAMPLE I

The following illustrates the computation of overtime pay for employees who are regularly working a night shift for which the shift differential is payable, when the overtime period falls within the day shift:

An employee's regular schedule requires that work be performed between the hours of 11 p.m. and 7:30 a.m., Monday through Friday. On Tuesday the employee performs overtime work from 7:30 a.m. until 11:30 a.m. Overtime pay is computed as follows:

Computation

	Compensable hours							
	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 10% shift differential)		8	8	8	8	8		40
Overtime rate - one and one-half times the basic rate (scheduled rate plus 10% shift differential)				4				4

EXAMPLE II

The following illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.

The organization operates a 24 hours a day, Monday through Friday operation. The employee's regular schedule is Monday through Friday 3 p.m. to 11:30 p.m. Overtime work was performed on Saturday, 8 a.m. to 12 noon. Overtime pay is computed as follows:

Computation

Organization Workdays	Compensable hours M	T	W	T	F	S*	Total
-Basic rate (scheduled rate plus 7½% shift differential)	8	8	8	8	8		40
-Overtime rate - one and one-half times the basic rate (scheduled rate plus 7½% shift differential)						4*	4

*Not a scheduled workday for the organization or the employee.

EXAMPLE III

The following also illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.

The organization operates a 24 hour a day, Monday through Friday operation. The employees regular schedule is 3:30 p.m. to 12 midnight, Monday through Thursday, and 7:30 a.m. to 4:00 p.m. on Friday. Overtime work was performed on Saturday, 9 a.m. to 1 p.m. Overtime pay is computed as follows:

Computation

Organization Workdays	Compensable hours M	T	W	T	F	S*	Total
-Basic rate (scheduled rate plus 7½% shift differential for Monday through Thursday only)	8	8	8	8	8		40
-Overtime rate - one and one-half times the basic rate (scheduled rate plus only)**						4*	4

*Not a scheduled workday for the organization or the employee.
**No shift differential added, because the scheduled shift prior to the overtime was a day shift. This would be true even if the overtime hours were, for example, 4 p.m. to 8 p.m.

EXAMPLE IV

The following illustrates the computation of overtime pay for an employee performing overtime work on a day other than a regularly scheduled workday for the employee, but one which is a regular workday for the organization.

The organization operates a 24 hours a day, 7 days a week operation. An employee's regular schedule is Tuesday through Saturday, 8 a.m. to 4:30 p.m. The employee performs 4 hours of overtime work on Monday between the hours of 8 p.m. and 12 midnight. Overtime pay is computed as follows:

Computation

	Compensable hours							
	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate only)			8	8	8	8	8	40
Overtime rate - one and one-half times the basic rate (scheduled rate plus 7½% shift differential)		4						4

(b) The next two examples deal with overtime pay for employees with regularly rotating tours as authorized under this subparagraph.

EXAMPLE I

The following illustrates the computation of overtime pay for an NAF employee who has a regular rotating tour of duty which includes two or more shifts, and who performs overtime work on a regular scheduled workday.

An employee's regular schedule rotates on a weekly basis between the hours of 7 a.m. and 3:30 p.m.; 3 p.m. and 11:30 p.m.; and 11 p.m. and 7:30 a.m., Monday through Friday. Overtime work is performed on Tuesday during the week that the employee is working the first shift (7 a.m. to 3:30 p.m.). Overtime pay is computed as follows:

Computation

The scheduled rate (shift differential does not apply) is multiplied by 1.50 to determine the overtime rate. The overtime rate is then multiplied by this number of overtime hours. (Note: If overtime work is performed on a day during the following week, when the employee is working the second shift (3 p.m. to 11:30 p.m.), the computed overtime rate would be one and one-half times the scheduled rate plus the 7½% shift differential.)

EXAMPLE II

When an employee, who works two different shifts on a scheduled rotating basis during each week, performs overtime work on a day other than a regularly scheduled workday, overtime pay is computed, as follows:

	MTW	TF
Employee's regular schedule	3 p.m. - 11:30 p.m.	11 p.m. - 7:30 a.m.

Overtime hours worked on Saturday, 8 a.m. to 12 noon.

Computation

(Note: Overtime pay is computed on the basis of the average rate of basic pay for the regularly scheduled shifts workd by the employee.)

Monday, Tuesday, Wednesday - 24 hours - Basic rate (scheduled rate plus 7½% shift differential)
Thursday, Friday - 16 hours - Basic rate (scheduled rate plus 10% shift differential)

SUM divided by 40 hours equals AVERAGE BASIC RATE
X
1.50 equals the OVERTIME RATE
X
overtime hours worked

(8) Computing overtime pay for NAF employees paid on other than a time rate basis. For those who are paid from an NAF regular wage schedule or agency multistep special schedule, computation of overtime payments is based on the employee's grade and step if he or she is on a multistep rate schedule before any reduction in consideration of tips. The amount of the tip offset (no more than 40% of the current FLSA minimum hourly rate, or State or local rate, whichever is higher) may then be deducted from the overtime rate, but only where the offset has been authorized for use by the appropriate component level and is not precluded when State or local laws are considered as required by Section 18(a) of the FLSA (29 U.S.C. 218 (a)).

EXAMPLE

A waiter who receives tips, and has an authorized tip offset of $.90 per hour, performs 2 hours of overtime work. Employee is regularly scheduled to work from 3:00 p.m. to 12 midnight, Tuesday through Saturday. On Saturday, the employee works overtime from 12 midnight to 2:00 a.m. Overtime is computed as follows:

	Compensable hours							
Organization Workdays	S	M	T	W	T	F	S	Total
Scheduled hours			8	8	8	8	8	40
Basic rate (scheduled rate plus 7½% shift differential)			8	8	8	8	8	40
Overtime rate - one and one-half times the basic rate (scheduled rate plus 7½% shift differential) (less the tip offset)							2*	2*

*As the employee has a tip offset of $.90 per hour and earned sifficient tips to cover the amount, this amount is subtracted from the overtime rate before multiplying by the number of hours worked.

(9) Computation of overtime worked

Leave with pay. The following illustrates the computation of overtime hours when an employee is in a "leave with pay status." (Note: Applies only to "regular full-time" and "regular part-time" employees as defined in this manual.)

EXAMPLE

An employee has a regularly scheduled workweek of 40 hours, Monday through Friday, 8 a.m. to 4:30 p.m. The employee takes annual leave from 8 a.m. to 4:30 p.m. on Tuesday. Four hours of work are performed outside the employee's basic workweek on Saturday. Overtime hours are computed as follows:

Computation

	S	M	T	W	T	F	S	Total
Hours of work		8		8	8	8		32
Approved annual leave			8					8
Overtime hours worked							4	4

Total: 32 hours of work performed
8 hours of approved annual leave
40 scheduled hours (basic workweek)
4 overtime hours

(Note: The previous illustration describes only the provisions of title 5, U.S. Code. In accordance with the provisions of the FLSA overtime pay is only provided for those hours actually worked, over 40 in a week. Excused absences with pay, i.e. holiday time off, sick or annual leave, and the like are not considered hours of work. Therefore, in the example provided above, a nonexempt employee would have no overtime entitlement under FLSA. See FPM Letters, series 551, for futher information.)

c. Night shift differential. Majority of hours, as used in this subsection means majority of whole hours. (Hours are considered to be periods of 60 minutes.) This means there must be a minimum of 5 whole hours of a scheduled 8-hour shift which fall during the period covered by a night shift differential in order to qualify for such payment for the entire shift.

(5) Part-time and intermittent employees. These categories of employees are entitled to night shift diffentials when the majority of their whole hours are worked during a period in which a night shift differential is payable.

EXAMPLE I

An employee is regularly scheduled to work a period commencing at 2 p.m. and ending at 8 p.m. Since the majority of whole hours were worked during a period for which the night shift differential of 7½% is payable, the employee is entitled to that differential for his or her entire shift.

EXAMPLE II

An employee is regularly scheduled to work a period commencing at 1 p.m. and ending at 5:30 p.m. Since the employee performed 2 hours of work before the night shift period, and only 2½ hours within the night shift period, the employee would not be entitled to the shift differential. (In order for this employee to qualify for the differential, he or she must perform 3 whole hours of work during the applicable night shift period.)

(6) Split shifts. The following examples illustrate night shift differential entitlements under the "majority of whole hours" concept when an employee's tour of duty (a) overlaps more than one established shift, or (b) includes a break of more than 1 hour within a scheduled basic workday.

EXAMPLE I

An employee works an 8-hour shift from 8:00 p.m. to 4:00 a.m. with a 20-minute paid meal period. The employee works 3 hours in the second shift (7½% differential) and 5 hours in the third shift (10% differential) and will be paid a 10% differential for all 8 hours since a majority of whole hours falls within a period for which the 10% night shift differential is payable.

EXAMPLE II

An employee who works 4 hours during the second shift (7½% differential) and 4 hours in the third shift (10% differential) will be paid a 7½% differential for the entire shift since a majority of hours is not worked during the third shift. The 7½ percent differential is paid because a majority of hours is worked during a period in which a night shift differential is payable.

EXAMPLE III

An employee who is authorized to work 3 hours during the third shift, 3 hours during the first shift and 2 hours during the second shift (that is, 5:00 a.m. to 11:00 a.m. and 3:00 p.m. to 5:00 p.m.) is entitled to a 7½% night shift differential for all 8 hours since a majority of his or her regularly scheduled hours of work fall within a period during which a night shift differential is payable. The 10% differential is not paid since a majority of his or her regularly scheduled 8-hour shift does not specifically fall within the period of 11:00 p.m. to 8:00 a.m.

EXAMPLE IV

An employee performs work from 10 a.m. to 12 noon, and during the same day performs work between 4 p.m. and 8 p.m. Hours worked each day total 6 hours with the employee performing 4 hours of work during the established night shift period. This employee is entitled to the 7½% night differential for all hours of work performed (that is, 6 hours).

(7) Meal breaks. The following examples illustrate how meal breaks of 1 hour or less are included in the computation of "majority of whole hours."

EXAMPLE I

An employee works an 8-hour shift from 11:30 a.m. to 8 p.m. The meal break is set from 3:30 p.m. to 4 p.m., and is included in the 5-hour period from 3 p.m. to 8 p.m. The resulting majority of whole hours entitles the employee to a 7½% shift differential.

EXAMPLE II

If the employee's shift is from 11 a.m. to 7:30 p.m., with a meal break from 3 p.m. to 3:30 p.m., no shift differential is paid, since there is no majority of whole hours between 3 p.m. and midnight, that is, he or she is credited with only 4½ hours during the second shift.

EXAMPLE III

An employee who works from 7:00 p.m. to 3:30 a.m. with a meal break from 11 p.m. to 11:30 p.m. is paid a 7½% differential for all 8 hours since a majority of his or her hours are worked during a period in which a night shift differential is payable. The 10% differential is not paid because even when the meal period is counted, a majority of the employee's regularly scheduled 8-hour shift does not specifically fall within the period of 11 p.m. to 8 a.m.

d. Pay for Holidays

(2) Pay for work performed on a holiday. The following examples are intended to illustrate the pay entitlements authorized by this subparagraph:

EXAMPLE I

An employee's regularly scheduled workweek is 8 a.m. to 4:30 p.m., Monday through Friday. Monday is a holiday, and the employee is required to work 8 hours on that day. Holiday premium pay is computed as follows:

	Compensable hours					
Regularly scheduled workweek	M*	T	W	T	F	Total
Basic rate (scheduled rate only)	8	8	8	8	8	40
Premium pay - equal to the employee's basic rate	8					8

*Holiday

Notes: (1) The employee is paid for all regularly scheduled work hours at this or her basic rate. Premium pay at a rate equal to his or her basic rate is paid for the number of nonovertime hours worked on the holiday.

(2) If the employee does not work on the holiday, but instead is excused from work, the employee is simply paid his or her basic rate for the number of regularly scheduled hours normally worked.

(3) If the employee is excused on the holiday, and if a shift differential would otherwise have been earned because of the employee's regular schedule of work, the shift differential is retained in the basic rate for that day.

EXAMPLE II

A regular, full-time employee's workweek is 11 p.m. to 7:30 a.m., Tuesday through Saturday. Monday is a designated holiday in a given calendar week, and the employee is required to work that day. For the purposes of this example, Tuesday is the employee's "in lieu" holiday. The employee also works 8 hours on Tuesday. Premium pay is computed as follows:

Total hours worked	48
Holiday hours worked	8
Overtime hours worked	8

	Compensable hours						
Regularly scheduled workweek	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 10% differential)		8	8	8	8	8	40
Holiday premium pay (scheduled rate plus 10% shift differential)		8					8
Overtime - one and one-half times the basic rate (scheduled rate plus 10% night differential)	8*						

*Since the employee's regularly scheduled workweek consists of 40 hours, Tuesday through Saturday, Monday becomes the overtime period because it is outside the employee's basic workweek.

EXAMPLE III

An employee's regularly scheduled workweek is 9 a.m. to 5:30 p.m., Monday through Friday. Monday is a holiday, but the employee is required to perform 10 hours of work. Premium pay is computed as follows:

	Compensable hours						
Regularly scheduled workweek	M*	T	W	T	F	S	Total
Basic rate (scheduled rate only)	8	8	8	8	8		40
Holiday premium pay (equal to basic rate)	8						8
Overtime - one and one-half times basic rate	2						2

*Holiday

EXAMPLE IV

A part-time employee, who is entitled to observe a holiday, has a regularly scheduled workweek which is 9:00 a.m. to 4:00 p.m. (no meal period during which employee is entirely free from work requirements), Monday, Wednesday, and Friday. Monday is a holiday, and the employee is required to perform 3 hours of work on that day. Holiday premium pay is computed as follows:

	Compensable hours							
Organization Workdays	S	M*	T	W	T	F	S	Total
Scheduled hours		7		7		7		21
Basic rate (scheduled rate only)		7		7		7		21
Holiday premium pay (equal to basic rate)		3**						3

*Holiday
**If the employee had performed 10 hours of work on the holiday, 2 of those hours would be treated as overtime. (See EXAMPLE III above.)

e. Pay for Sunday work

(1) Authorization of pay for Sunday work. The following illustrates the computation of Sunday premium pay:

EXAMPLE

An employee is on a basic workweek of 40 hours per week and whose work schedule for the week includes a workday which begins at 6 p.m. on Saturday and ends at 2:30 a.m. Sunday is entitled to Sunday premium pay for that workday, computed as follows:

8 hours - basic rate (scheduled rate plus 7½% night shift differential)

8 hours - Sunday premium pay at a rate equal to 25% of the basic rate

(3) Entitlement. Only a "full-time" employee with a basic workweek of 40 hours is entitled to Sunday premium pay. Under the provisions of this manual, "regular full-time employees" and "temporary full-time employees" have regularly scheduled workweeks of 35 or more hours. Therefore, not all NAF "full-time" employees will be entitled to Sunday premium pay, even if they have an 8 hour workday scheduled on Sunday.

(4) Two separate tours of duty. The following example illustrates the computation of Sunday premium pay when two Sunday tours of duty fall in part on the same Sunday:

EXAMPLE

An employee on a 40-hour basic workweek works a regularly scheduled night shift from 5 p.m. to 1:30 a.m. (with ½ hour meal break); one shift begins at 5 p.m. on Saturday and ends 1:30 a.m. on Sunday and the next begins 5 p.m. on Sunday and ends 1:30 on Monday. The employee is entitled to Sunday premium pay for both tours (total 16 hours), computed as follows:

16 hours - basic rate (scheduled rate plus 7½% night shift differential)

16 hours - Sunday premium pay at a rate equal to 25% of the basic rate

S8-5b WITHIN GRADE INCREASES - WAITING PERIOD

Waiting period for full-time, part-time, and intermittent employees with prearranged regularly scheduled tours of duty (NA, NL, NS, AS, PS):

Employee advances to step rate no.	at the end of a waiting period of creditable service in the previous step, of.....	provided the number of workweeks in a nonpay status during the waiting period does not exceed...*
2	26 calendar weeks	1 workweek
3	78 " "	3 "
4	104 " "	4 "
5	104 " "	4 "

*LWOP in excess of these amounts must be made up with creditable service before the within grade is effected.

Waiting period for intermittent employees without prearranged regularly scheduled tours of duty (IOC) (NA, NL, NS, AS, PS):

Employee advances to step rate no.	when the employee has worked.....*	over a period of no less than.....
2	130 workdays in a pay status	26 calendar weeks
3	390 " "	78 calendar weeks
4	520 " "	104 " "
5	520 " "	104 " "

*Any day on which "part-time service" is performed constitutes a full workday of credit. (Only the days on which service is performed are counted for employees without a prearranged regularly scheduled tour of duty.)

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APPENDIX F

PROCEDURES FOR REQUESTING INCREASED MINIMUM RATES
(Hourly Paid Employees)

A. Requests shall be submitted to the DoD Wage Fixing Authority. Such requests shall be coordinated by the DoD Wage Fixing Authority with DoD Components at the headquarters level. (Note: Components may require that recommendations for revised minimum or special rates have prior approval at the command and headquarters level before being submitted to the DoD Wage Fixing Authority. *

B. Requests shall contain the following information:

1. Identification of the occupation by title, series, and grade.

2. The recommended rates showing both the proposed minimum and the proposed range of rates.

3. The areas or locations for which the rates are recommended.

4. The number of positions that will be affected.

5. The number of current vacancies that would be filled immediately if an adequate supply of eligibles were available. Specify the length of time the activity has been trying to fill each of these vacancies.

6. The approximate number of additional vacancies anticipated in the next 12 months.

7. The voluntary quit rate (excluding retirements).

8. The number of acceptances received in proportion to job offers.

9. The estimated additional annual salary cost to the activity that would result from approval of the proposed rates.

10. Any additional information demonstrating the need for increased minimum rates.

APPENDIX G
SUPERVISORY FUNCTIONS AND DEVELOPMENTAL STRATEGIES

Supervisory Function	Definition	Competency Area	Developmental Strategy
1. Helping Individual Workers with Job-Related and Personal Problems	Help employees with their work problems; give personal attention to employees who have difficulty adjusting to the job; help employees in improving their job performance; explain mistakes to employees; be aware of the personal welfare and problems of subordinates and offer assistance in helping to solve any problems; listen when employees ask for advice; settle conflicts between employees; and refer employees with alcohol, drug, or serious emotional problems to the DoD Component's employee assistance counselor.	Human Relations, Motivation, and Counseling	Coaching and Formal Training
2. Giving Information to and Receiving Information from Employees	Keep employees fully informed about general interest matters; hold meetings to discuss work activities, organizational directions and policies, current work schedules, emloyee suggestions, and general work problems; respond to suggestions to improve production and act on those that have merit; encourage employees to express ideas and opinions on job improvement; encourage employees to do the work in the way they think best; and consult with employees on important job matters.	Communication Processes, Human Relations, and Motivation	Coaching, Formal Training, and Mentor

3.	Understanding Labor-Management Relations	Work within the union agreement; explain employee rights; and handle grievances.	Personnel Policies, Practices, and Procedures	Coaching, Formal Training, Mentor, and Rotational Assignment
4.	Providing Leadership	Find a balance between unilateral decisionmaking and abandoning all influence; take prompt and appropriate action; make it easy for employees to discuss issues; and establish with each employee that the supervisor is in charge and seek their cooperation.	Human Relations and Motivation	Coaching and Formal Training
5.	Establishing a Safe and Healthy Work Environment	Ensure that employees are aware of the DoD Component's health services; give specific information regarding established safety practices; and ensure that safety practices are observed on the job.	Safety and Health Policies and Procedures	Coaching, Formal Training, and Mentor
6.	Acting as a Link Between Workers and Upper Management	Explain clearly management to workers and vice versa; define, defend, explain, and clarify organizational goals and policies for employees; pass views of employees on to management; and assume responsibility for the work group when they are criticized.	Communication Processes and Staff Development	Coaching, Formal Training, and Mentor
7.	Training and Preparing Employees to Work	Furnish each employee with detailed information on proper work methods, work sequences, and changes in work; provide on-the-job work experience; and develop skills of other workers.	Communication Processes and Staff Development	Coaching and Formal Training

8. Placing and Utilizing the Work Force	Assign work according to each employee's individual abilities or strengths so that he or she can work effectively; understand how employees feel about their assignments; match individual interests and abilities of employee with the job; and understand employee ambitions and abilities.	Work Planning and Counseling	Coaching and Formal Training
9. Planning, Scheduling, and Organizing	Plan group and individual work assignments daily or in advance (long range); carefully schedule daily activities to be conducted by the work groups; plan the topic of each meeting; follow through assignments to ensure that work is done on schedule; and set priorities and deadlines.	Work Planning and Productivity Improvement Techniques	Coaching and Formal Training
10. Checking on Work Progress	Be aware of daily developments and progress of each employee's work; see that orders are carried out; correct any problems and assist employees, if necessary; ensure that work is up to standard; recognize early that something is going wrong; and encourage employees to meet deadlines.	Work Planning and Productivity	Coaching and Formal Training
11. Appraising Performance	Establish job performance standards; write overall performance appraisal plans; give employees effective feedback on both good and poor performance, constructively criticizing faults and personally recognizing good work; do official performance appraisals; and keep employees informed on all aspects of their job situation, including progress.	Human Relations; Motivation; Counseling; Personnel Policies, Practices, and Procedures; and Individual and Unit Performance Appraisals	Coaching, Formal Training, and Mentor

12. Getting Support Services from Outside the Unit	Get needed office equipment and ensure that employees have the necessary work materials; coordinate and cooperate with other supervisors when group support is needed to solve a problem; send work to other units and properly request that they expedite action.	Work Planning, Productivity, and Concepts of Organizations	Coaching, Mentor, and Rotational Assignment Special Project
13. Preparing Administrative Reports and Personnal Actions	Complete paperwork on time; prepare accurate production records, reports, and memoranda for the work group; prepare and maintain individual production and performance records; prepare and maintain position descriptions; and fill vacancies.	Work Planning; Productivity; and Personnel Policies, Practices, and Procedures	Coaching, Formal Training, and Rotational Assignment
14. Understanding and Implementing Equal Employment Opportunity Policies	Give all employees an equal chance to do well on the job (according to their abilities); give all employees an equal chance to be considered for promotion; and provide all employees the opportunity to succeed on the job, independent of race, color, religion, age, sex, national origin, or handicap.	Personnel Policies, Practices, and Procedures	Coaching, Formal Training, Mentor, and Rotational Assignment
15. Disciplinary and Adverse Actions	Implement the adverse action regulations so that the actions are not reversed on appeal; explain rights to employees.	Personnel Policies, Practices, and Procedures	Coaching, Formal Training, Mentor, and Rotational Assignment

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